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No. 27,909 Saturday July 7 1979

## NEWS SUMMARY

### GENERAL

#### Nkomo pledges Queen's safety

Patricio Front co-leader Joshua Nkomo has pledged that his Zambian guerrillas would not attack the Queen when she visits Zambia from July 27 to August 4. Leaders of the Commonwealth will meet in Lusaka from August 1 to 8.

However, an official of the Zimbabwe African People's Union (ZAPU) said he would not recall it a cease-fire since "our forces will continue to operate in Rhodesia. The war will go on." Back Page

### BUSINESS

#### Wall St. up 10; Equities steady

WALL STREET closed 10.41 up at 246.16 on investors' hopes that President Carter would come up with an energy plan. Volume at 38,658 shares, picked up sharply in late trading.

Equities managed small gains. Although the Dow Jones Industrial Average rose 10.41 to 246.16, making a loss of 2.4 in the first week of the year.

GIILTS closed mixed and the Government Securities Index rose 0.09 to 73.57.

STERLING fell 45 points to \$2.2245 and its trade-weighted index fell to 70.3 (71.2). The dollar was steadier and its index improved to 84.6 (84.5).

GOULD rose \$2 to \$29.00 in London and in New York the Comex July settlement price was \$298.00 (\$291.00).

SENIOR partner of a stock-broking firm Messrs. Burge & Co. has been suspended from dealing for six weeks following the failure of his appeal against Stock Exchange disciplinary proceedings. Page 3

SIR LESLIE MURPHY, chairman of the NEB has said that his organisation should be left alone to take "balanced commercial decisions" within an agreed framework. Back Page

#### Rise for MPs

Cabinet Ministers will receive an immediate pay rise of £7,000 and backbenchers £2,500 a year, under a revised deal tabled in the Commons yesterday. It follows pressure from MPs over the Boyle Committee recommendations. Back Page

#### Egypt arms delay

The U.S. has postponed the planned sale of 50 F-16 fighter-bombers to Egypt. The State Department said Saudi Arabia had refused to pay the promised \$525m for the deal. Back Page

#### Drug barred

The Health Department has banned the sale of medicines for hayfever and allergies, containing the anti-histamine drug methimazole. Following criticism from the U.S. that it can cause liver cancer in rats. Page 3

#### Bomb suspect

The Irish National Liberation Army, an extreme left splinter group of the IRA, may have caused the bomb blast which wrecked the British Consulate office in Antwerp on Thursday night, police said.

#### Jet escape

Only two people were slightly hurt when an RAF Hunter jet crashed in the Cornish seaside resort of Tintagel minutes after the pilot ejected out at sea. The plane narrowly missed a petrol tanker.

#### Ace-Martina

Martina Navratilova won the Wimbledon women's singles title for the second year yesterday, beating Chris Lloyd 6-4, 6-4. John McEnroe and Peter Fleming won the men's doubles. John Barrett. Page 14

#### Holiday cheer

Motorists taking their cars to the Continent should have little difficulty in finding petrol, says a survey. Shortages exist in some Italian cities only. Page 3

#### Briefly

Church of England General Synod has rejected a proposal to allow women ordained abroad to practice in the UK.

Thames Television closed transmission at 3:30 pm yesterday because of an industrial dispute.

British bankers Ian Massey and Michael Chatterton flew to London after their kidnapping ordeal in El Salvador.

Japanese aircraft will be told not to fly over the Pacific Ocean when the Skybus spacecraft is due to crash to earth next Wednesday.

#### Financial Times

The price of the Financial Times, after having stood at 15p for just over 18 months, will rise to 20p from Monday. The costs of improving the quality of our coverage, the increase in newspaper costs since the beginning of 1978, with large further rises in the pipeline, and the accelerating rate of inflation generally mean that it is no longer possible to hold down the price to the level of 18 months ago.

#### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS:		
Treas. 30p	1978-81	258 + 1
Funding 50p	1982-84	250 + 3
BATs Deal		230 + 3
Brenner		71 + 7
Brown & Jackson		264 + 21
Crosby House		180 + 15
GE		68 + 4
GE		335 + 6
Haslemere Estates		314 + 10
Hawley Leisure		364 + 24
Heron Meter		53 + 3
Ladbroke		185 + 7
FALLS:		
Oil Exploration		323 - 14

## Company profits fall in spite of North Sea oil

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Profits from North Sea oil and gas are rising sharply, but the increase has been too small to offset a decline in the profits of the rest of industry.

The latest official figures support recent warnings from the Bank of England and the Confederation of British Industry that prospects for company profits are poor as a result of the combination of slower output growth and accelerating inflation. The squeeze has been intensified by the rise in sterling.

The official view is that a difficult year for industry may be part of the price to be paid if inflation is to be reduced, and the economy to become more efficient.

North Sea oil and gas profits have been increasing sharply as a result of both higher prices and increased production.

Profits from these activities, net of stock appreciation, were £386m in the first three months of this year, nearly 32 per cent higher than in the previous quarter. This was equivalent to 24 per cent of total industrial and commercial profits.

Revised estimates for the Gross Domestic Product in the first three months of this year were published yesterday by the Central Statistical Office. They show that the squeeze on the underlying profitability of industry has been even larger than suggested by earlier figures, which did not show North Sea operations separately.

Gross trading profits of industrial and commercial companies, excluding North Sea oil, were £2,709m in the first three months of this year. This was nearly 23 per cent lower than in the previous three months and more than 27 per cent less than a year earlier. These figures are after adjusting for increase in value of stocks of goods due to inflation.

The first-quarter figure may be erratically low because of

#### LIVING STANDARDS AND PROFITS

	Personal disposable income at 1975 prices, seasonally adjusted	Gross trading profits excluding North Sea oil at 1975 prices, seasonally adjusted
1977	72,947	11,947
1978	77,707	13,769
1st	18,604	3,789
2nd	19,421	3,217
3rd	19,660	3,609
4th	20,022	3,564
1979 1st	20,038	2,752

Source: Central Statistical Office

## Labour 'will return BP to majority State control'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A FUTURE Labour administration will act firmly to restore majority Government control of British Petroleum if the Conservatives pursue plans to sell some of the 51 per cent State shareholding in the company.

Dr. David Owen, the former Foreign Secretary, now Labour's energy spokesman, made that clear in the Commons yesterday during a debate on North Sea oil.

On taking office, a Labour Government would restore majority Government control by legislation, share acquisition or other means.

Dr. Owen added: "It is neither prudent nor necessary to spell out the exact way we should restore the position. But no one should be under any misapprehension about the firmness of our intention."

On any fair assessment of British self-interest it would be economic folly to sell off any of the shareholding.

Dr. Owen was commenting on proposals for the Government to sell more of the BP holding as a big contribution to the proposed £1bn sale of public assets to the private sector in the present oil crisis to have a means of shielding British industry and the consumer, he argued.

In reply, Mr. Nigel Lawson, Financial Secretary to the Treasury, indicated that the Government has in mind a significant reduction in its shareholding in BP. However, he maintained that to alarming consequences would result.

The articles of association would remain and the Government would retain two directors on the company's board. The Government holding had dropped to 48 per cent at one stage under the Wilson Government with no ill effects.

Mr. Lawson said North Sea oil was not a magic key for solving Britain's economic problems. Its effect would be marginal.

## Carter extends economy talks

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. economy continued yesterday to emit confusing signals as President Carter decided to prolong until next week his secret "domestic summit" at Camp David, apparently designed to produce new and definitive energy and economic initiatives.

In Washington, the Labour Department announced that, contrary to expectations, unemployment had fallen last month to only 5.6 per cent of the work-force, 0.2 per cent below the May level and the lowest in five years.

The improvement which seems to contradict abundant evidence of a weakening economy, was entirely due to a drop in teenage unemployment. This puzzled even the Government's own experts. It was suggested that many school leavers had not bothered to look for jobs, and thus did not show up in the records.

The Department also disclosed that wholesale prices in June rose by a modest 0.5 per cent, 0.1 per cent more than in May, with actual declines in food costs offsetting to a degree the soaring price of energy.

In the last quarter, wholesale prices rose at annual rate of only 8.5 per cent, compared with 15.6 per cent in the first three months, but this improvement has yet to be reflected at consumer level, where double digit rate price increases are still the rule.

But other economic statistics still point downwards. Sales of domestically made cars fell by 26.2 per cent in June compared with the same month a year ago, while sales of popular fuel-efficient foreign cars, hamstrung by dwindling stocks, rose by

## Sterling down on profit taking

By Peter Riddell, Economics Correspondent

STERLING fluctuated sharply yesterday and ended down on the day for the first time in a fortnight.

After the late fall in the rate on Thursday, there was continued profit-taking with selling from both the Continent and New York. But trading was generally thin, so any rumours or news—for instance, about exchange controls or Phillips Petroleum's new North Sea oil find—led to sharp movements.

The pound fluctuated within a range of \$2.2150 to \$2.2410 before closing 95 points down at \$2.2205. This compared with a peak of \$2.2550 touched on

#### APPRECIATION OF STERLING

Percentage increase since Dec. 31 June 22

Trade-weighted index	10.8	3.7
Dollar	8.8	3.2
Deutsche mark	9.9	2.7
Japanese yen	20.9	4.6
French franc	11.5	2.9
Italian lira	8.3	2.4

Thursday morning, but still represented a rise of 3.7 per cent over the last fortnight.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, closed 0.4 points down at 10.8 compared with a peak of 11.4 on the previous day.

This check to the pound's rise is not surprising in view of the size of the recent appreciation.

There is a growing view that a further relaxation of exchange controls is likely to be announced within the next few weeks and that Minimum Lending Rate will be maintained at its present level of 14 per cent.

The Treasury bill rate fell by 0.0662 to 13.2433 per cent at yesterday's tender. This would in theory have indicated MLR of 13 per cent under the old market related formula, which was abandoned last year.

The Bank of England again had to provide assistance to the discount market to remedy a shortage of liquidity. This was partly caused by the recent large sales of gilt-edged stock. There was a call of £250m yesterday.

The position of the money markets may be eased from next Wednesday when the Bank reduces the rate of call on special deposits from the banks by £700m. This is a reduction from 2 per cent to 1 per cent from August 13 and to 2 per cent from August 15.

Money Markets, Page 25

## Mrs. Thatcher warns unions over pay

BY PHILIP RAWSTORNE

MRS. MARGARET THATCHER issued a stern warning last night that the Government would not print money to bail employers and trades unions out of irresponsible pay settlements.

The Prime Minister declared: "Higher pay needs to be matched by higher output. If it is not, it will lead only to higher unemployment and higher prices."

Delivering the Swinton lecture to the Conservative political centre summer school at Cambridge, she coupled that warning with a firm statement that the Budget increases in indirect taxes provided "no justification whatever" for higher pay claims.

Income tax cuts would still leave the average family better off at the end of the year, she said. "It would be quite wrong therefore to base pay claims on the fall increase in the retail price index without giving credit for the increase net tax-home pay."

The Budget had taken a "major step towards restoring freedom of choice and sense of responsibility." But the Government's financial responsibility had to be matched by that of the private sector.

"There is no sound foundation for steady expansion unless the country is winning the fight against inflation," inflation created uncertainty and diverted the nation from productive effort and creative management. "In this climate it is easy to have a grievance and tempting to steal a march on others."

The Budget had sought to encourage effort and enterprise, she ruled out any idea of accepting "zero growth." That was "a fashionable self-indulgence."

The events of last winter had marked the failure of the collectivist approach of socialism. Government now had to sustain and foster a new mood of greater freedom with greater responsibility.

## NATSOPA plans legal action against Briginshaw

BY ALAN PIKE, LABOUR CORRESPONDENT

THE National Society of Operative Printers, Graphical and Media Personnel (NATSOPA) is to take legal action against Lord Briginshaw, its former general secretary, after an accountant's report into the union's finances.

A special meeting of the union executive authorised the action yesterday. NATSOPA said later that legal action would also be taken against "such other persons" as counsel might advise.

A special meeting of the NATSOPA governing council (the union's conference) decided in March to seek legal advice on whether to take civil proceedings to recover money that might be owed to the union from property sales.

The governing council was told that other inquiries were continuing into companies set

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OVERSEAS NEWS

Lhasa unmistakably bears the stamp of Peking: K. K. SHARMA looks at the changes 20 years have brought
The new Tibet—A Chinese view from the Roof of the World

TWENTY YEARS of Communism has left its indelible mark on Lhasa, once a closed forbidden city on the Roof of the World.

No yaks cause traffic jams. Lamas no longer twirl their prayer wheels and the once-ubiquitous dogs bark no more.

True some Tibetan women still sport the traditional "Baku," a long gown with striped aprons across the waist.

which shy young belles peer curiously.

This is the habitat of a few thousand. The bulk of Lhasa's 100,000 population lives in the newer, more modern part of the city whose sloping corrugated roofs and brick and concrete walls betray their recent origin.

The new Lhasa has emerged in the swampy area that once acted as a "hazard" between the awesome 13-storey Potala Palace of the Dalai Lama built on a solid rock hill in the north-west of Tibet's capital.

The swamp kept the former serfs and lowly lamas away from the forbidden Potala, a majestic and dominating structure with more than 1,000 rooms built centuries ago.

In keeping with Lhasa's modernism, the imposing Potala Palace is uninhabited with its thousands of priceless gold Buddha statues, rare "tankas,"

innumerable Buddhist scrolls and serps, carefully painted murals and frescoes and the tombs of former Dalai Lamas now mere museum pieces.

The new Lhasa is unmistakably part of modern China. Most of the people wear the unisex Mao blue or grey loose jacket and trousers, walking purposefully down tree-lined avenues with fixed expressions.

The olive green of the Chinese People's Liberation Army stands out among the passers-by, the red marks of rank on their collars marking them out and emphasising the large numbers in which they are present.

What stands out in Lhasa today is the presence of the Han people and all that they



The Potala Palace, decked with Chinese slogans.

stand for in the mainland of China from where they have come.

The top Tibetan leadership is of local ethnic stock and it cannot be denied that Tibetans have had their lives transformed very much for the better. The revolution, which took Tibet from the

feudal medieval age in which it had stagnated for centuries straight into modern Chinese Communism, skipping all the intermediate stages that Marx had prescribed, cannot but be commended because it has abolished the barbarism that Tibet's own form of Buddhist

Lamaism had cruelly inflicted on the people.

But it has also taken away with it what Tibet was traditionally known for—its mysticism and innocence untouched by modern civilisation. Modernity has come to Lhasa, and presumably to the rest of Tibet, and it is here to stay.

Most of them have abandoned their traditional elegant bakins in favour of masculine jackets and trousers. Even in cultural shows, amateur groups sing the praises of Chairman Mao and Chairman Ena in preference to their ancient deities.

This is of course the price Lhasa has paid for becoming an integral part of China. Tibet is one of the "autonomous" provinces of the country, but autonomy is at best limited to pass local laws and impose local taxes.

Tibet has made much economic progress in the past two decades and is now vying with the rest of China to strive for the Four Modernisations. The country's leaders have prescribed

Autonomy also means acceptance of the Han influence and way of life. Hans have been in Tibet now for more than 20 years and their numbers are increasing. They occupy key posts. Most of the officials in charge of organising communes—the entire country is now organised into some 2,000—or industry or education and health, are Han.

They say they have come to serve for after all Tibet is now an integral part of the motherland, and they will return when they are not needed. But they also admit they have been here for nearly 20 years and say that Tibet is far from developed. Hence, they can plan no time limit for their stay in Tibet. Many have married Tibetans, others have brought their families with them.

The feeling is unavoidable that they are here to stay, especially as they speak of the difficulty of acclimatising themselves to life in the plains of China. The only ancient part of Tibet that remains untouched by its harsh geography—sidelone, craggy hills on the high 14,000 ft. plateau and the dust that swirls through new streets when the wind blows shrilly, and valleys in which Lhasa is located.

Swiss banks warned on expansion

BY JOHN WICKS IN ZURICH

SWITZERLAND'S big banks have been warned not to expand their market share by the country's Federal Cartel Commission. The body states in a special report on concentration trends in Swiss banking that "as a whole" competition is still functioning within the banking system.

It draws attention to extreme growth in the relative importance of the big banks between 1955 and 1976 and says there should be no further "decisive" increase in their overall market share.

Between 1955 and 1976 there was a rise in the share of the three biggest banks—Swiss Bank Corporation, Union Bank of Switzerland and Credit

Suisse—from 24 per cent to over 44 per cent of the banking system's total domestic and foreign balance-sheet total. The increase in share for the 20 highest banks was less marked, from 60.2 per cent to 68.6 per cent.

The report is nevertheless in favour of maintaining the existing structure of the Swiss banking system as it offers the public a choice between various banks. Any merger between two of the three big banks would be "economically undesirable."

The Cartel Commission also recommends that banks' participations in non-banks should be published, as well as board memberships in public companies.

The various recommendations are not binding, however. In Switzerland, the cartel authorities can take steps only when it is proved that an existing cartel agreement is not in the public good. The report—which the Commission stresses had been called for before anything was known of the "Chiasso scandal" or the Social Democrats' referendum campaign to put new controls on banks—does not expressly state that competition still works in the banking sector.

Commission President Professor Walter Schlupe says that the Federal Banking Commission is interested in its findings. The Banking Commission is directly responsible for control of the Swiss banking system.

Andreotti fails to form new government

Sig. Giulio Andreotti, the Italian Prime Minister designate, is considered almost certain today to report to President Sandro Pertini his failure to form a new administration following an uncompromising veto from the Socialist party.

Rupert Cornwell reports from Rome. Sig. Andreotti is likely to abandon his efforts to form what would have been his sixth government, this afternoon, after a final meeting with his own Christian Democrat Party.

AP adds: Sig. Enrico Berlinguer has indicated his willingness to step down as leader of the Italian Communist Party. But in a speech released yesterday, he has left his future as secretary-general of the party up to his comrades.

West Bank compromise Egypt and Israel, with U.S. assistance, reached their first compromise yesterday in their negotiations on Palestinian autonomy, Roger Matthews writes from Cairo.

After the fourth round of talks ended in Alexandria, it was announced that two committees would be set up—one to make proposals on a Palestinian authority on the occupied West Bank and Gaza Strip, the other to discuss the powers the authority would exercise.

Australia talks fail Government-union talks, held to seek a solution to Australia's mounting industrial problems, broke up without any result yesterday, Andrew Clark reports from Sydney. Representatives of the Australian Council of Trade Unions rejected calls from the Government to forsake the strike weapon and revert to industrial arbitration.

IMF warns U.S. THE U.S. and other countries experiencing high rates of inflation have "no alternative but to pursue firm and unequivocal monetary restraint," M. Jacques de Larosiere, IMF managing director, said in Geneva yesterday, Jorek Martin writes. The managing director also singled out the U.S. for specific mention when he spoke of the need for the industrialised world to come up with effective policies to reduce oil consumption.

Ireland counts cost Irish businessmen and consumers are counting the latest cost of the recent four-month postal strike—a 20 per cent increase in postal and telephone charges, our Dublin correspondent writes. The increases are to cover both the pay settlement awarded to Post Office workers and higher interest charges from capital spending on telephone development.

Romania walks out Romania has walked out of a top-level Warsaw Pact conference in East Berlin and has refused to endorse a statement which bitterly attacks China, Leslie Collitt reports from East Berlin. The dissent is the most serious since last November's refusal to go along with a Russian demand that Romania should increase its military budget.

'Boat people' pact The Indonesian and Malaysian Governments have agreed to co-operate together to push Vietnamese refugees' boats back into international waters, our Jakarta correspondent writes. The agreement is effective immediately. The new policy follows talks between the countries' two Defence Ministers and President Suharto.

Turkey reserves up Mr. Bulent Ecevit, Turkish Prime Minister, said yesterday that Turkey's foreign currency reserves had gone up to about \$800m from only \$380m a year-and-a-half ago, when his Government came to power, our Ankara correspondent reports. Turkey's export earnings went up by 35.4 per cent in the first five months of 1979, Mr. Ecevit added.

NIGERIA GOES TO POLLS TODAY
A test of political maturity

BY MARK WEBSTER IN LAGOS

NIGERIA'S 48.5m voters will get their first taste of democracy for 20 years today when they go to the polls for the first in a series of five ballots for a U.S.-style Government with an executive President.

The vast undertaking is being canvassed here as a democratic model for the rest of Africa and a major test of the country's political maturity after 13 years of military rule.

All sides in the election have appealed for calm and the present military Government has warned it will take a hard line against instances of "thuggery" or ballot rigging.

The five parties involved in the elections are fielding a total of 6,173 candidates for the presidency, the Federal Senate and House of Representatives, state Governorships and the state House of Assembly. All the candidates have been screened to check on their honesty and suitability, a process which disqualified 2,555 people.

The disqualification of one of the five Presidential candidates caused an explosion of violence in the northern town of Kano recently. Abhaji Aminu Kano, leader of the People's Redemption Party did not fulfil the condition that aspiring politicians had to produce proof that they had correctly paid all their taxes for the past three years.

The banning of Al Hajj Aminu provoked considerable unrest in Kano, the party's stronghold. But this has since been brought under control. The party has said it will appeal against the ruling and is keeping Abhaji Aminu as its leader for the

elections. The screening has all been done by the Government appointees but Independent Federal Electoral Commission (FEDECO). It is this body which has supervised the organisation of the election including the erection of 97,000 polling booths up and down the country, and the distribution of millions of voting slips.

Although there have been no incidents of violence reported this week, tensions are running high as people prepare to vote tomorrow. The first election is for the 95 members of the federal Senate, to be followed on successive Saturdays by voting for the 448 members of the federal House of Representatives, 1,247 members of the House of Assembly in each of the 19 States and the election of a Governor for each of the States.

Then on August 11 there will be an election for the federal executive Presidency, seen as crucial because of the wide ranging powers which the President will have under the new Constitution.

The Constitution requires that to be elected on the first round the candidate must first only have the largest number of votes, but also needs one quarter of the votes in two thirds of the States. If, as seems likely, no candidate achieves that figure, an electoral college, composed of the two federal bodies, the Senate and the House of Representatives, will select a President.

Those who drafted the constitution were careful to con-

tain the centrifugal forces of Nigeria's 19 states. At the same time they emphasised the federal nature of the country by giving powers to regional assemblies. The tribal divisions shown during the Nigerian civil war in 1967-70 are far less in evidence but nonetheless important.

Each of the five parties has support in one or other area of the country and presidential candidates have tried to broaden their support by choosing a running mate from another part of the country.

The division of loyalties among the candidates, and the complexity of the voting system, have therefore made any prediction of the outcome very difficult.

However, two men are emerging as the strongest contenders for the Presidency and are also leading the parties which appear to have the most support. They are Abhaji Shahu Shagari of the National Party of Nigeria (NPN) and Chief Obafemi Awolowo of the Unity Party of Nigeria (UPN).

At present, Abhaji Shahu is considered to be the front runner, thanks to his party's fairly broad based support throughout the country and his team of politicians who were prominent between independence in 1960 and the military takeover in 1966. At 53 he is also by far the youngest of the candidates. He comes from the northern Hausa-Fulani group and has an Ibo running mate.

However, he is considered a colourless figure in an election where personalities count a lot

and he is certainly an unlikely showman for Chief Awolowo. The only Yoruba in the presidential race, he was the leader of the federal opposition in the post-independence parliament and was at one stage imprisoned by the Government.

The other presidential contenders were also political figures: Sir J. G. Nnamdi Azikiwe, the country's first President, who at 75 is still leading the Nigeria Peoples Party (NPP). The other two presidential contenders are Abhaji Waziri Ibrahim of the Great Nigeria Peoples Party and the now disqualified Abhaji Aminu Kano.

There is a noticeable absence of ideology among the parties. Both Shagari and Awolowo have promised better living conditions for everyone. Broadly speaking, Shagari has been more vocal in his support for free enterprise and more Western investment while Awolowo has made free education and health services for all a central plank in his speeches.

On foreign policy, the issues remain the future of Zimbabwe, Rhodesia and the possibility of Britain recognising the Government of Bishop Abel Muzorewa.

Shahu's President will be elected by a simple majority in Monday's run-off vote, Mr. Justice Kingsley-Nyabin, the electoral commissioner said yesterday. The run-off is between Mr. Hilla Limann, of the People's National Party, and Mr. Victor Ovwigho, of the Popular Front Party.

Oil prices lift German costs

BY JONATHAN CARR IN BONN

THE WEST GERMAN cost of living rose again in June by 3.9 per cent against the same month a year ago. The May figure was 3.7 per cent and the April one 3.5 per cent.

Figures released yesterday by the Federal Statistical Office show that another surge in the price of heating oil—almost double that of June, 1978—is a big factor in the latest overall increase.

The Government has already complained to the oil companies

for concentrating on heating oil price increases while holding petrol prices relatively stable.

Bonn agrees that oil price increases are inevitable, but wants to see the increases in sectors where there will be an immediate energy saving stimulus. Sharp price increase at the petrol pump are likely to be much more effective in this respect, since higher heating oil prices will only be felt when consumers receive their bills months later.

Our Foreign Staff adds: Count Otto Lambsdorff, West German Economics Minister, yesterday gave public backing to the Bundesbank's tight monetary policy when he called on the central bank to counter accelerating inflation with a prudent curb on money supply.

Count Lambsdorff's remarks, made in Munich, appear to reinforce the possibility that the Bundesbank will decide a further increase in bank rate

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EEC modifies directive on unfair advertising

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

THE EUROPEAN Commission has modified its controversial proposed directive on misleading and unfair advertising. It will allow complaints against industry practices to be handled in the first instance either by independent supervisory bodies or in the courts.

As originally drafted four years ago, the planned directive would have required the courts to deal with all complaints. But the Commission has decided to amend.

In the new version, the Independent Broadcasting Authority would qualify in Britain as a legitimate supervisory body responsible for radio and television broadcasting. But the Advertising Standards Authority, at least as constituted at present, would not appear to meet the criteria set out in the directive though it would be allowed to continue as a mechanism for self-regulation by the industry.

cluding Britain. It is at present subject only to codes of conduct which often have no legal foundation. In the new version, the Independent Broadcasting Authority would qualify in Britain as a legitimate supervisory body responsible for radio and television broadcasting. But the Advertising Standards Authority, at least as constituted at present, would not appear to meet the criteria set out in the directive though it would be allowed to continue as a mechanism for self-regulation by the industry.

'World economic balance will shift'

BY ROBERT MAUTHNER IN PARIS

THE SOLUTION to the world's economic problems between now and the end of the century will require much closer co-operation between the industrialised and developing countries, a report on long-term economic prospects, published by the OECD today, says.

The report is prepared by an independent team of international experts under Prof. Jacques Lesourne of France. It stresses that the economic balance between different nations and groups of nations will change substantially by the year 2000.

The U.S.'s huge resources will ensure it remains in the vanguard of the world's nations, but its role may diminish because of its declining share of world incomes. The report also predicts the emergence of a major economic power, coupled with the industrialisation of South-East Asia and the growing

strength of China, is likely to create a new important world economic centre in the Far East in the second quarter of the 21st century.

The OPEC countries and Latin America will also become major economic zones. But the EEC's share of world income will decline and all European countries will face difficult problems of structural adjustment. The Soviet Union is likely to reach the peak of its power towards the end of the century.

The internationalisation of industry will be one of the main factors behind the growing interdependence between the developed and the Third World. Highly industrialised countries will become involved in fierce competition in the advanced technological field, and more traditional industries will shift progressively to the newly industrialised countries.

By the end of the century, the

Third World, including China, might account for 25 per cent of world industrial production. Its share of international trade (excluding China) could well rise from 12 per cent at the beginning of the 1970s to between 18 and 22 per cent.

The industrialised countries are likely to have more moderate rates of economic growth, both because of external and internal constraints.

These include the relative scarcity and high price of energy and the resulting monetary problems, and a decline in the estimated rate of return on investments and growing concern about inflation.

The middle-income developing countries have excellent growth prospects. The advanced industrialised countries provide them with markets and part of their financing requirements.

The leading group of these countries may have an average per capita income in excess of \$2,500 (at 1976 prices) at the end of the century for a combined population of 760m. But the prospects of the poorest developing countries will improve very slowly.

The report rejects extreme strategies such as giving absolute priority to economic growth and essentially defensive policies aimed at cushioning the social consequences of the international economic situation.

Advanced industrial societies can no longer plan their future on the basis of purely national objectives, it says.

They will have to pay particular attention to the economic difficulties faced by the developing countries, on whom they will increasingly be dependent for their own prosperity.

U.S. auto market tumbles 26%

BY JOHN WYLES IN NEW YORK

THE U.S. car market took a dive in June under the impact of the petrol shortage and a slowdown in consumer spending.

Sales of domestically-produced cars tumbled by 26.2 per cent compared to the same month last year, while imports makes gained a modest 2.3 per cent.

This is a significantly lower rate of increase for foreign makes than in recent months during which their sales have ridden a strong crest of demand. The rate of increase is also lower than in the first six months last year, when Ford suffered particularly badly last month, registering a 32.4 per cent drop in sales, but American Motors fared worse, with a 37 per cent decline.

This was one of the lowest levels since 1975 and contrasts with the 11.3m passenger cars sold in the U.S. last year. General Motors, Ford and Chrysler sales are now 10.1 per cent lower than in the first six months last year. Ford suffered particularly badly last month, registering a 32.4 per cent drop in sales, but American Motors fared worse, with a 37 per cent decline.

Details are not yet available, but it is certain that the slump in demand for large cars continued in June, adding to the growing inventory problems. Among the foreign companies, Volkswagen, now a domestic U.S. producer as well as an importer, continues to have a banner year with total sales some 45.5 per cent higher than a year ago.

Petrol stocks rise continues

By David Lascelles in New York

U.S. PETROL stocks continued to rise last week to a point where they topped the comparable level for the year before, the latest report of the American Petroleum Institute shows.

As of last Friday, inventories stood at 231.5m barrels, some 4m barrels higher than the week before, and 2.4m higher than last year.

Refinery operating capacity also rose sharply, from 88.1 per cent to 89.4 per cent, though most of the gain in output went to distillates (diesel and heating oil) rather than petrol, of which 7.1m barrels a day were produced.

This is the second week that fuel figures have improved, and they coincide with a sharp reduction in queues at petrol stations. However, economists still warn that it is too early to be sure that the worst is past.

London Life; Post Office delays. Large advertisement with logo and text.

London Life advertisement detailing insurance policies and contact information.

Table with columns for car models (General Motors, Ford, Chrysler, Volkswagen, American Motors) and sales figures for June 1979 and June 1978.

Table with columns for car models (Toyota, Datsun, Honda, Volkswagen, Mazda, Fiat, Volvo, Jag Rover Triumph) and leading imports for 6 months 1979 and 6 months 1978.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. Second class postage paid at New York, N.Y., and at additional mailing offices.



UK NEWS

Doubts over Lloyd's checks

BY JOHN MOORE

THE LLOYD'S of London insurance market is concerned that important self-regulatory mechanisms broke down when underwriters insured computer leasing business.

within the financial guarantee category is that a policy should not cover assured for the shortage of receipts, sales or profits of any venture.

Computer leasing insurances were arranged by leasing companies to insure against their customers terminating leases earlier than the contract date.

Adam Brothers, a specialist insurance broker which drew up "non-appearance" insurances for actors, designed the computer leasing policy.

Few petrol shortages for Europe holiday drivers

BY IAN HARGREAVES

MOTORISTS taking their cars to the Continent this summer should encounter little difficulty in finding petrol.



Bookings good

Ferry operators say that bookings for the rest of the summer are good, after a slow start caused by bad weather.

Cash plea for new Heathrow tube

BY LYNTON McLAINE

LONDON TRANSPORT requested money yesterday for a Tube line to the proposed fourth terminal at Heathrow Airport.

the petrol situation might do real damage this year," the company said.

London Transport wants to install computerised control systems and radios on buses and tube trains in a £23m programme.

UK factory given £1.5m Euroloan

By Kenneth Gooding, Motor Industry Correspondent

THE European Investment Bank, the EEC's long-term finance institution, has granted a low-interest loan equivalent to £1.5m towards a new factory at Skelmersdale, Lancashire.

Fight for State air route opens

BY LYNTON McLAINE

THE BATTLE to break the British Airways monopoly on the lucrative London-Aberdeen route starts at a public hearing next week.

Hay-fever drug is barred

By Sue Cameron, Chemicals Correspondent

THE SALE of medicines containing the anti-histamine drug methapyrilene has been banned by the Department of Health.

Lords move delays Burmah shares case

Financial Times Reporter

BURMAH OIL's court case against the Government and the Bank of England over the company's former stake in BP will not start in October, as had been expected.

New town chairman worried about aid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A STRONG plea to the Government not to make radical changes in the way assistance was given to development areas was made yesterday by Mr. Dennis Stevenson, chairman of Aycliffe Development Corporation in Co. Durham.

Lord Mayor visits Madrid

THE LORD MAYOR of London, Sir Kenneth Cork, leaves tomorrow on an official visit to Spain.

Furniture sale totals £513,230

A LOUIS XV ornolu-mounted tulipwood and kingwood marquetry secretary, a Chantilly stamped J. P. Dubut Jug, sold for £40,000.

Development corporations may build for sale

BY MICHAEL CASSELL

THE GOVERNMENT has lifted restraints on new town development corporations building houses for sale.

Gas carrier out of mothballs

BIBBY LINE of Liverpool is to put into service a £32m liquefied petroleum gas carrier that has been in mothballs for 20 months.

Cost of drink to industry

DRINK might be costing British industry 15m days' work a year, Mr. Reg Prentice, Employment Minister, said yesterday.

Broker suspended from dealing

BY CHRISTINE MOIR

MR. JEREMY BURGE, senior partner of the stockbroking firm Messrs Burge and Co, has been suspended from dealing for six weeks after the failure of his appeal against a disciplinary committee of the Stock Exchange.

Hay-fever drug is barred

By Sue Cameron, Chemicals Correspondent

THE SALE of medicines containing the anti-histamine drug methapyrilene has been banned by the Department of Health.

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Mr Edgar Palamoutain, Chairman, M & G Group Limited
Mr G T Pepper, Partner, W Greenwell & Co
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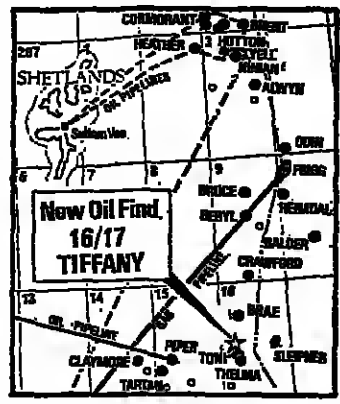


UK NEWS

Phillips makes new oil find in North Sea

BY KEVIN DONE, ENERGY CORRESPONDENT

PHILLIPS PETROLEUM has made a significant oil discovery in the North Sea, about 160 miles north-east of Aberdeen. The find, named the Tiffany Structure, is in the same block as the earlier Thelma and Tomi discoveries.



Eight wells have been drilled on the block. The latest discovery considerably enhances the prospect of a commercial development in the area.

Block 16/17 is proving to be one of the more complicated geological structures and Phillips is likely to drill more appraisal wells before committing itself to an expensive development programme.

Phillips is operator for a five-member group which includes Petrofina, Agip, Century Power and Light and Oil Exploration (Holdings).

The find is important, but is much smaller than suggested in rumours which swept the City earlier this week.

By Thursday the share price of Oil Exploration (Holdings) had risen to a new peak of 366p, but fell back yesterday to 322p after details of the recent drilling programme were released.

This latest well, 16-17-8a, was drilled to a depth of 15,080 ft. The oil-bearing zone, over an impressive depth for this part of the North Sea of 1,300 feet, was tested at three levels.

The tests produced flows ranging from 2,300 barrels a day to 8,300 of a fairly light crude (33 degrees API quality).

A small amount of natural gas was tested, but the ration of gas to oil was lower than in other important wells on the block.

The Thelma discovery well, drilled in 1978, produced a flow of 6,000 b/d, and the Tomi well 10,000 b/d.

The Tiffany Structure is about four miles north of Tomi and seven north of Thelma. They are too far apart to be developed from one production platform.

Phillips refused to estimate recoverable reserves in the block. Industry estimates have suggested recoverable reserves of 300m-450m barrels, and the latest well could have added 50m-100m barrels.

More appraisal wells must be drilled before a more definitive estimate is made. Phillips said yesterday that a ninth well would possibly be drilled later this year.

Local authority starts cannot be expected to rise above the current level recorded after budget moves to contain housing expenditure. The outlook in the private sector is no more encouraging.

New work output in the public housing sector on a constant price basis, in the first three months of this year was down

Public spending to be cut by £424m

BY PHILIP RAWSTORNE

PUBLIC EXPENDITURE will be cut by £424m in 1979-1980, according to Government estimates published yesterday.

Revised estimates for the year reduce by £588m the expenditure planned by the previous Labour Government. At the same time, supplementary estimates provide for an increase in some votes of £164m.

Total expenditure now envisaged is £51.7bn compared with a figure of £52.6bn published in the Budget report and financial statement.

The revised estimates represent overall reductions in the volume of expenditure and reflect some of the cuts announced in the Budget. These reductions include £189.7m in regional development grants and provision for the optional enterprise board; £596m in overseas aid; £45.7m in the special temporary employment programme; £65m in other employment subsidies and £58m in the Manpower Services Commission programme.

Several of the supplementary estimates provide for expenditure deferred from last year because of Civil Service industrial action.

The increased estimates include £69m to cover the cost of further development of the Rolls-Royce RB331 engine; £42.8m for export credit services and £30m for work on the Thames flood barrier and other drainage and agricultural schemes.

Work on the two-year contract involves building an experimental hall and ancillary buildings including a generator house, power supply compound and control building.

Meanwhile, the board is to cut its spending immediately. It emphasised yesterday that the extra levy was not being placed on skilled civil engineering workers and that there would be no cuts on training or grants or on the increases in grants for 1979-80 notified to the industry.

The Budget cuts implemented by the Manpower Services Commission reduced the board's operating expenditure by nearly three-tenths and cut grants by 41 per cent.

The Japanese government is under increasing pressure for its whaling activities. Japanese seamen's unions sponsored a luncheon on Thursday to argue their case. They claimed many livelihoods were at stake and that the "outside world" had no right to force Japan to abandon its whaling activities.

Most experts agree there are now less than 1,000 people directly employed in Japanese whaling. The Japanese claim that tens of thousands of jobs are at stake.

Mr. Frank countered their claims by saying Japanese whaling amounted to "a small economic factor". A former environmental lawyer, he argued that the bulk of world opinion favours a whaling ban.

Despite claims that whale meat is a significant portion of the Japanese diet, experts say it accounts for only 1 per cent of Japanese whaling companies' lost \$20m on operations last year. The Government subsidised the whalers by about \$10m.

The Commission, which begins its five-day meeting at the Cafe Royal on Monday morning, will hear an opening statement from Mr. Alick Buchanan-Smith, the Minister of State responsible for the British position on whaling. He may announce UK support for a moratorium. It is widely believed he will institute a ban on whale product imports.

Tomorrow afternoon a consortium of anti-whaling groups holds a rally in Trafalgar Square to protest about continued whaling and possibly a whaling ban for a year.

Australia and Seychelles will also table measures calling for a moratorium on international whaling. The Australians are urging a worldwide whaling ban on several grounds, including a government declaration that whaling is unethical because of the high intelligence potential of whales and the inhumane slaughter method.

Seychelles is calling for an unprecedented whale sanctuary in the Indian Ocean, where all whaling will be prohibited.

The U.S. moratorium proposal is based on four main grounds: "The increase in the number of pirate whaling ships operating outside commission control."

"The scientific data on which the commission bases its quotas are inadequate and incomplete."

"The commission's budget is so low that there has been little research."

"The commission 'management procedures' introduced

Official figures show 15% decline in machine tool orders

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A BIG DROP in orders for the machine tool industry in the first quarter of this year is shown in official figures published in Trade and Industry yesterday.

Orders in December to March fell 15 per cent from the previous period. Export orders fared worse than home orders, against the trend in the engineering industry, where exports have been the more successful. Export orders fell 18.5 per cent and home orders 13.5 per cent.

Machine tools are often taken to be an indicator of general capital goods spending. On the basis of these figures, the downturn in the capital goods spending cycle, forecast to take place this year, could be quite pronounced.

The Department of Industry, though, which collects the statistics, says "the monthly seasonally adjusted figures show that recorded movements in both home and export markets have been more than usually volatile, suggesting that the situation is not yet a settled one."

The Machine Tool Trades Association said yesterday: "Indications from our members do not show the sort of drop in business implied by the Department of Industry figures, and we are puzzled to explain the discrepancy between our own and the official figures."

The Ulster Glen Electric group, the UK's largest manufacturer and exporter of electric heating appliances, will open a plant in the Midlands division providing 130 jobs.

A new company, Glen Mouldings, begins production in a factory at Bangor, Co. Down, within two months.

It will manufacture plastic components, at present bought in for Glen's range of appliances. About 80 people will be employed after two years, rising later to 120.

The group, established at Newry, Co. Down, six years ago, forecast a record £20m turnover this year. It employs nearly 600 in Ulster. The Northern Ireland Development Agency has a minority stake in it.

Glen Electric acquired the Dimplex home-heating appliance concern two years ago. It employs 350 in the former Dimplex factory at Southampton.

Construction training body imposes extra levy

FINANCIAL TIMES REPORTER

THE CONSTRUCTION Industry Training Board has announced a 30 per cent supplementary levy for most employers as a result of Budget expenditure cuts.

The increase, the board said, was "an emergency measure" to meet the shortfall in Exchequer support for the board's training programmes. Training policies and operations are to be comprehensively reviewed.

Meanwhile, the board is to cut its spending immediately. It emphasised yesterday that the extra levy was not being placed on skilled civil engineering workers and that there would be no cuts on training or grants or on the increases in grants for 1979-80 notified to the industry.

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"The scientific data on which the commission bases its quotas are inadequate and incomplete."

"The commission's budget is so low that there has been little research."

"The commission 'management procedures' introduced

Post Office deal boosts hopes of more efficiency

BY NICK GARNETT, LABOUR STAFF

THE POST OFFICE improved its prospect of negotiating improved efficiency with the Union of Post Office Workers by agreeing yesterday to consolidate all outstanding pay supplements for the union's 200,000 members.

Mr. Norman Stagg, the union's assistant general secretary, said last night that the deal was a breakthrough. It created a right climate for further discussions with management on pay and productivity. These talks are due to begin in earnest next week.

The Government warned earlier this week that it would review the Post Office letter monopoly unless it improved efficiency in the postal division.

The interim 10.2 per cent pay settlement agreed by the Post Office union earlier this year included consolidation of threshold payments made under the last Conservative administration.

Payments under Phase One and Two of the Labour Government's pay policy totalling about £8.50 remained unconsolidated, however. One of the union's main targets was to consolidate these into basic rates for overtime purposes.

The Post Office initially had made a consolidation offer to the union's 150,000 postmen, but not to its 50,000 telephone operators, telegraphists and coast radio officers. The offer was eventually extended to all members.

In return, the union sent out telex messages to all its branches yesterday urging members to co-operate as much as possible with management in clearing the post backlog.

The Post Office is thought to have estimated that consolidation will add 5 per cent or £23m to the total wage bill. The sum is large because 48 per cent of postal workers work overtime, some for a considerable number of hours.

The management, however, still faces considerable problems with the union on pay and productivity.

Mr. Tom Jackson, general secretary, has so far insisted that apart from consolidation, the Post Office must top up the

10.2 per cent settlement to the going rate set by other Post Office unions. The union has been taking the view that this is at least 7 per cent.

But consolidation is such an important element in the wage packets of such a large number of postmen that it is likely to moderate further pay talks.

So far, Mr. Jackson has maintained that any major productivity changes the Post Office wishes to negotiate must be paid for on top of basic pay increases and consolidation.

The Post Office is seeking further use of casual and temporary staff, a better process for diverting mail from one office to another, and work measurement.

A national ballot earlier this year, however, rejected a pay offer linked to the use of temporary staff. The rejection was due largely to the productivity element.

The union is prepared to negotiate on work measurement and on diverting mail, but says it will not give up the present right to negotiate the latter at local level.

Chrysler serves writs on pickets

By Arthur Smith, Midlands Correspondent

CHRYSLER UK yesterday served writs to remove pickets from inside its Ryton assembly plant at Coventry, where 2,000 workers have been on strike for the past week.

The company took the action to ensure the safety of the plant, which supplies locally and is not viewed by union leaders as provocative.

But the threat is increasing of a major strike which could shut down the company's operations. An initiative by the Advisory, Conciliation and Arbitration Service, which brought unions and management together for nearly ten hours of talks in Birmingham, made little progress.

About 3,500 employees at the Stoke engine factory will walk out next Tuesday in protest at the company's refusal to improve its 51 per cent pay offer. Action by Stoke, which supplies components to Linwood, Scotland, for assembly of the Avenger and Sunbeam models, would quickly bring Chrysler to a standstill.

Shop stewards are demanding an increase in basic rates. Chrysler, which is forecasting a £30m loss this year, insists the workers will earn more money only through a new incentive scheme. Negotiations on the scheme and related issues are continuing, but shop stewards appear adamant in their demands.

Workers at both Ryton and Stoke are aware of the potentially serious consequences for the company, but seem determined to risk a confrontation in what is expected to be a protracted strike.

Chrysler UK was taken over by Peugeot Citroen at the beginning of this year. The French company has given local management responsibility for turning round the loss-making operation. The new owners want higher earnings to be financed through improved productivity.

Comparability 'inevitable'

THE CONTINUITY of some form of pay comparability exercise like that being carried out by the Clegg Commission seemed almost inevitable, Mr. Patrick Jenkin, Social Services Secretary, said yesterday.

The Government was pledged to honour the findings of the current Clegg investigations "though clearly we shall need to examine those findings with great care," he told a conference on health service industrial relations.

resources gain for the UK economy of £200m, he said. The Government started a review of dispersal when it took office. It is widely expected to announce the axing of large parts of the programme this month, as a contribution to public expenditure savings.

Mr. Christie in Cardiff urged union branches and local Labour Party groups to retain the planned dispersals, arguing that the programme would reduce overall public expenditure.

A recent Strathclyde University study had concluded that the programme, involving moving 31,000 civil servants out of London, would produce a nat

Council white-collar settlement 'close'

BY GARETH GRIFFITHS, LABOUR STAFF

A SETTLEMENT of the local government white-collar pay claim, one of the last big negotiations of the annual wage round, appeared close after a day of talks yesterday.

Local authority employers made a formal offer worth about 9.5 per cent, a promised internal comparability study to 500,000 white-collar staff at a meeting in Norwich with the National and Local Government Officers' Association.

Union negotiators will recommend the offer to a NALGO delegate conference expected to be held later this month. The offer is 9.4 per cent on salaries and consolidation of a Stage One supplementary payment of £212 a year. The union negotiators estimated that the consolidation was worth 0.18 per cent.

Mr. Mick Black, chairman of the NALGO negotiators, said the offer was the best the union could obtain in the circumstances. He expected the membership to accept.

The comparability study will be by a team from NALGO and the employers' side of the National Joint Council for Local Authorities' Administrative, Professional, Technical and Clerical Services.

The union expects the results to be ready by January and will press for an early start. Any increases will be on top of the new pay award, including the consolidated allowances.

The 9.5 per cent offer does not include the cost of the social workers' settlement earlier in the year. The informal offer by local authorities two weeks ago included that settlement.

The offer will be backdated to July 1, and if accepted should add £186.4m to last year's pay bill of £2,070m. The increase is nearly double the figure of £98m allowed to the local authorities under a 5 per cent cash limit.

There was a demonstration of more than 400 union members outside the negotiations at the county hall in Norwich. The union claim was initially for 15 per cent and improvements in service conditions.

endorse new agreements with the company, "irrespective of the state of negotiations with other chapels or the imminence of republication."

Between re-engagement and the resumption of publication, the staff would be paid at old rates, plus the last Newspaper Publishers' Association award, plus 5 per cent. New rates, backdated to the date of re-engagement, would apply when publication resumed.

One issue that may cause controversy in forthcoming negotiations on the resumption of publication, suspended since November 30, is a company proposal that "existing mammoth levels will not be made up before publication by the introduction of new staff or casuals."

The company is proposing that any issue unsettled within six months of republication should be resolved by an independent chairman sitting with management and union assessors. That does not apply to the introduction of new computer-based typesetting equipment, on which a negotiated settlement will be sought within 12 months.

Merchant Navy pay move

BY OUR LABOUR STAFF

THE Executive Council of the Merchant Navy and Airline Officers' Association has decided to seek a pay settlement based on protecting earnings and related to the Retail Price Index. This would appear to suggest a target of 20 to 30 per cent.

The union, which represents 44,000 officers, still intends seeking improved crew levels on the basis of a one-man-award, one-at-leave arrangement.

The shipowners have stood out against this and have attempted to reduce ship-managing levels and improve their competitive position with foreign carriers.

County's water rates 'too high'

EAST SUSSEX residents are "paying too much for their domestic water supply," says a Southern Water Authority report.

The authority is considering introducing a flat rate for all consumers. East Sussex consumers pay higher charges than other areas, because water rates are based on rateable values of properties, which are higher in East Sussex than in other parts of the area.

An authority official said some East Sussex consumers could be paying as much as 40 per cent more than people in similar properties elsewhere.

Dispersion 'will cut expenditure'

BY ROBIN REEVES, WELSH CORRESPONDENT

A GOVERNMENT decision to use the Civil Service dispersal programme would be "economic madness," Mr. Campbell Christie, assistant general secretary of the Society of Civil and Public Servants, said yesterday.

Mr. Christie in Cardiff urged union branches and local Labour Party groups to retain the planned dispersals, arguing that the programme would reduce overall public expenditure.

A recent Strathclyde University study had concluded that the programme, involving moving 31,000 civil servants out of London, would produce a nat

programme would create 7,000 new jobs in South Wales, Mr. Christie said.

Since the review started there have been reports that the Ministry of Defence move would probably survive but that a comparable dispersal of Ministry of Defence jobs to Glasgow is almost certain to be abandoned.

During the General Election campaign, the Scottish Conservatives pledged to fight to retain the Glasgow dispersal, and it is now being suggested in some quarters that the Cardiff transfer could be dropped in favour of keeping Glasgow.

Building work down 7% in first quarter

BY MICHAEL CASSELL

CONSTRUCTION industry output in the first three months of 1979 was 7 per cent lower than in the preceding quarter, according to provisional figures published yesterday.

The Department of the Environment estimates that the current price value of contractors' work from January to March reached £3,920m, against £4,210m in the previous quarter. The constant price (1975) figure was £2,780m for the first three months of this year compared with £2bn in the previous quarter, and £2.5bn in the same period a year before.

New work output in the public housing sector on a constant price basis, in the first three months of this year was down

by 15 per cent on the fourth quarter of 1978, and by 20 per cent on the same period a year before. New private housing output was 16 per cent down on the last quarter of 1978, and 10 per cent lower than in January-March last year.

Housing is now causing increasing concern in government and industry circles. The number of starts in the first five months of this year was down to about 75,700, against 103,600 for the same period in 1978.

Local authority starts cannot be expected to rise above the current level recorded after budget moves to contain housing expenditure. The outlook in the private sector is no more encouraging.

£15m order for Tarmac

By Michael Cassell

TARMAC HAS won a £15.8m civil engineering contract for work on the Joint European Torus (JET) nuclear power experimental programme.

The JET international committee in Brussels chose Tarmac National Construction to construct the main buildings for the experimental complex, to examine electricity generation by thermal nuclear power at Culham Laboratories, Abingdon, Oxfordshire.

Work on the two-year contract involves building an experimental hall and ancillary buildings including a generator house, power supply compound and control building.

F.T.-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisations of the groups and sub-sections of the FT-Actuaries indices as at June 29, 1979, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Market capitalisation as at June 29, 1979 (£m), % of All-Share Index, Market capitalisation as at March 30, 1979 (£m), % of All-Share Index, Market capitalisation as at Dec 30, 1978 (£m), % of All-Share Index. Rows include CAPITAL GOODS GROUP (172), CONSUMER GOODS (DURABLE) GROUP (52), CONSUMER GOODS (NON-DURABLE) GROUP (171), FINANCIAL GROUP (116), and ALL-SHARE INDEX (750).



# THE WEEK IN THE MARKETS

## Gilts climb the sterling ladder

Sterling has again stolen much of the limelight in the last week, touching at one stage the level of \$2.25, exciting nostalgia and challenging credibility. It has encouraged the gilt-edged market just as surely as it has kept equities in the doldrums.

### GEC dividend

Gilts followed up last Friday's strength immediately as the market opened on Monday. Special supplies of the long ten Exchequer 12 1/2 per cent 1990s were exhausted at once, and the market, unrestrained by the presence of unsold stock, was able to make substantial progress, rising by nearly 3 points on the day in the long coupon stocks. More headway was made over the next couple of days until the market ran into profit-taking on Thursday. Over the week the highest available redemption yields have come down from 13.1 per cent to below 12.7 per cent.

In the short run gilts face the danger, that, as so often in the last few years, the market has run faster than the underlying environment and may require a downward correction before it can advance further. It is now looking forward to an easing in credit demand, a fall in interest rates and perhaps some improvement in the current account balance of payments for good measure. Although some overseas funds do seem to have been committed to the market this week, many foreign investors must have been keeping their money in the short money market which still offers a return of over 14 per cent.

On the equity side, the FT 30-share index moved in a very narrow band, dropping below 470 again on Thursday as sterling reached its highest level but showing some slight recovery yesterday.

These are testing times for GEC shareholders. The share price is \$500 compared with a high for the year of \$530 and the yield, despite the 55 per cent dividend increase, is still only 2.6 per cent. Although pre-tax profits jumped 16.8 per cent to \$378.7m, concern has been voiced in broking circles that perhaps the company is going "overgrowth".

There is no doubting that the stock has underperformed the market over the past two months. But this to some extent reflects an overall reappraisal of the electrical sector which followed the strong price surge in the closing months of 1978 and early 1979. And GEC, in particular, has been affected by some short-term pessimism about the impact of the strengthening pound on exports and overseas earnings.

It is this three-month horizon which seems to be dictating the share price movements. The longer-term perspective seems to be relatively bright. The massive cash resources, if successfully deployed, are the basis for longer term optimism. But that still leaves the question of whether the earnings growth will flow through the shareholders in the form of dividend growth. GEC said that

"appropriate standards" in respect of yield and cover had not yet been established when announcing its dividend. As a result of the dividend disappointment the shares are likely to remain relatively flat in the immediate future. But, with several leading brokers bullish about the long term future, there is every chance that performance will improve.

### Local v. National

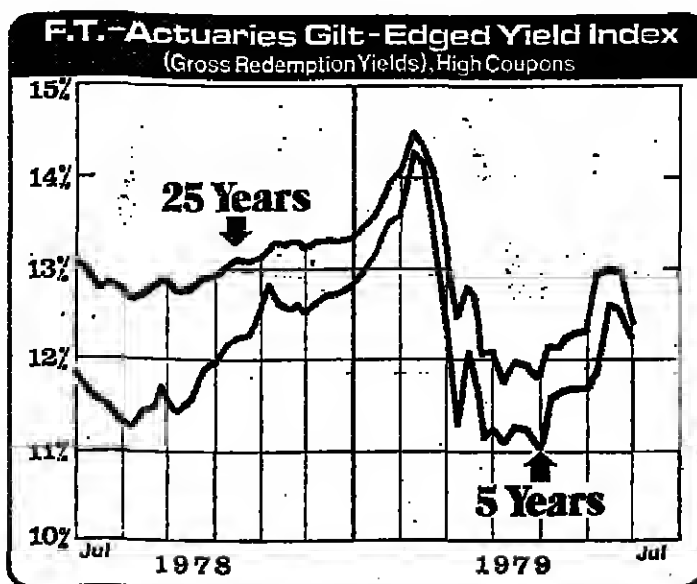
Two of the brewing groups which reported their preliminary figures last week provide an interesting contrast in style and performance. Between 1970 and 1978, the regional brewers easily outstripped the nationals in terms of growth in pre-tax

profits per share. Top of the leading regionals was Greene, King and bringing up the rear among the nationals was Scottish and Newcastle. Their latest figures confirm the trend. Stated earnings per share at Greene, King rose from 30.6p to 30.1p last year, compared with a fall to 8.5p from 10p at Scottish and Newcastle.

A basic problem for S and N has been distribution. It remains fairly strong in the north but needs to improve supply facilities in the south if it is to exploit the free trade potential and arrest the erosion in its market share. Substantial capital expenditure is being devoted to the problem, but the long distances and low turnover, compared with the nationals, will keep unit costs high and rising oil prices are not helping. Some beers are still produced in Newcastle and packaged in Glasgow, an expensive anomaly. Lower distribution costs have been central to the price competitiveness of the regional brewers. Greene, King, for example, undercuts many of its rivals by 4p per pint in the free trade. It has expanded only slowly out of its East Anglia stronghold but is conveniently placed to tap the London market if it needs to.

### Hail MacBATs

On paper, International Stores, by way of its proposed acquisition of Unilever's MacBATs food retailing subsidiary, leads its major competitors in terms of planned physical expansion in the current year. The acquisition means that International, a subsidiary of BAT Industries, will increase



## Lively oil stocks are some comfort amid fuel worries

NEW YORK  
JOHN WYLES

HAVING LAID in a store of black coffee and eyeshades to fend off the specific rigours of a major Presidential address to the nation, Wall Street has been forced to swallow its disappointment that President Jimmy Carter has decided to stay silent on his Camp David peak. In the early part of the week anticipation of a new White House initiative on energy provided some nervous distraction from the preoccupations of planning for a July 4 holiday without gasoline. But while investors share the widespread anger which has swept the West Coast in the past month about the gasoline shortage, many have been able to draw some comfort from the strength of oil stocks.

Petroleum of Calgary Alberta rocketed from \$41 1/2 in 1978 to win the prize as highest kicking Canadian petroleum stock on the AMEX, Canadian energy stocks have been helped not only by the world oil price increases but also by the Canadian Government's extremely encouraging policies which use tax incentives and substantial price increases as a tool for boosting exploration.

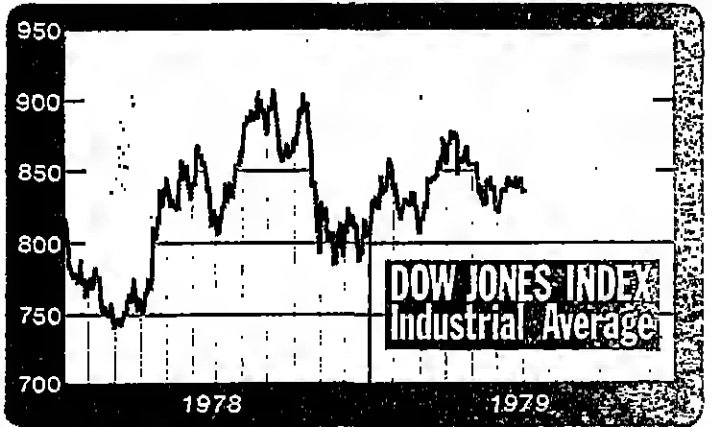
Dome has been a particularly active driller and increased its production of oil, natural gas liquids and gas rose by 27 per cent in 1978 and with higher prices to offset its steep exploration costs the company's earnings climbed by 20 per cent to \$125.1m and are projected to rise to around \$160m this year.

With Dome in the vanguard, some 22 oil and gas stocks were among the 30 largest AMEX gainers in market value during the second quarter. As a result, the 11.7 per cent rise in the AMEX market value index overstated the strength of the broader market in secondary stocks, excluding oils AMEX values rose by about 2.6 per cent.

On the big board the Dow slipped 2.34 per cent during the quarter although all the other broader indices showed small gains — the NYSE Composite was up 2.19 per cent and Standard and Poor's 500 index rose 1.3 per cent. The largest gainers were Charter Co., an oil stock, up 250 per cent, Interway 132 per cent and Horizon Corporation 110 per cent.

Biggest losers were Tel Corporation, a troubled computer leasing company, down 46 per cent, Telecor 40.7 per cent and UV Industries 40.3 per cent at the same time IBM saw its market value drop \$3.2bn American Telephone was down \$2.1bn and Eastman Kodak \$1.1bn.

Monday	834.04	- 7.94
Tuesday	835.58	- 1.54
Wednesday closed for public holiday		
Thursday	835.75	+ 0.17
Friday	846.16	+ 10.41



### MARKET HIGHLIGHTS OF THE WEEK

Ind Ord. Index	Price	Change on	1977	1979
	Year	Week	High	Low
Govt. Secs. Index	73.57	+ 2.48	75.91	64.64
Barr and Wallace A.	129	+15	167	107
Rasset (G.)	113	- 7	130	102
Bath and Portland	51	+ 9	58	41
Burnett and Hantsshire	400	+37	400	215
Gough Bros.	128	+42	130	58
Henderson-Kenton	116	+20	128	80
Hinton (Amos)	88	-12	110	80
Ilstock-Johnson	82	- 8	109	82
ICI	332	-13	415	332
Ladbroke	186	-24	243	167
Oil Exploration	321	+34	336	210
Reznore	74	+ 9	74	63
Rivington-Reed	31	- 4	72	30
Rovntree-Mackintosh	194	-18	229	174
SGS	257	+19	280	168
Shaw Carpets	60	+12	61	47
Shell Transport	362	-20	402	278
Unilever	516	-76	680	502

### U.K. INDICES

FINANCIAL TIMES	Average	July	June	June
	week to	6	29	72
Govt. Secs.	73.19	70.68	70.72	
Fixed Interest	74.51	72.36	72.59	
Indust. Ord.	473.4	471.6	481.1	
Gold Mines	162.1	158.7	163.0	
Do. (Ex 5 pm)	152.1	158.7	163.0	
Tel. bargains	17.42	16.05	15.00	

### FT ACTUARIES

Capital Gds.	243.34	241.42	246.23
Consumer (Durable)	228.53	229.13	232.24
Cons. (Non-Durable)	234.36	232.97	236.43
Inds. Group	235.52	234.29	238.05
500-Share	271.30	271.35	271.95
Financial Gp.	193.33	196.94	190.91
All-Share	248.67	247.45	249.30
Red. Debs.	57.58	56.98	57.51

### WINE

EDMUND PENNING-ROWSELL

MANY PRICES at Christie's 500-lot final Bordeaux sale of the season showed distinct signs of flagging. This was perhaps due to rising sterling, the falling dollar and the very large flow of fine clarets through the London salerooms during the last six months.

Good prices included \$420 a dozen for Louville-Barton '45, \$540 for six bottles of Lafite '45 and \$840 for a dozen Lafite '53. Such rarities as three double-magnums of Petrus '66 made \$1,250, an imperial (equals eight bottles) of Mouton-Rothschild '66 brought \$440 and another of La Mission-Haut-Brion '66 \$310. But prices for most of the popular '61s and '66s were below their best earlier this year, and it looks as if a plateau has been reached. A '61 first-growth fetched per dozen from \$740 and \$680 respectively for Lafite and Mouton-Rothschild, down to \$520 for Haut-Brion, Latour and Margaux. The seconds ranged from \$280 for Ducru-Beaucallou and \$190 for Montrose to \$150 for Rausan-Segla.

## Little sign of a silver lining

WHILE the sun has been shining brightly this week, a cloud in the shape of the struggling potash mine in Yorkshire of Cleveland Potash has darkened the results for the year to March 31 of London's Charter Consolidated.

Charter has a 37 1/2 per cent stake in Cleveland Potash and is partnered in the venture by Imperial Chemical Industries. The mine was begun in the late 1960s and something like \$120m of finance has been put into it.

Charter's share of this would be about \$30m—but Cleveland has never made a profit. Technical problems have stemmed from the fact that the potash seam is unusually undulating and varies both in thickness and grade. It is also deep, at around 3,800 feet, hot and to some extent gaseous, conditions which are not exactly conducive to maintaining a stable labour force in an area where there is no mining tradition.

Furthermore, it has not been possible so far to stow away underground the salt waste product. This has had to be hoisted to the surface together with the potash and as a result of all these factors mine production has barely reached half the design capacity. But things have been looking up in recent times as, indeed, has the market for potash. In the past six months potash output has improved to 212,000 tonnes from a figure of 249,000 tonnes. Even so, Cleveland has still suffered a loss in the latest period of some \$2m.

Charter has now fully written off its remaining stake in the operation at a cost in the past year of \$20.2m which includes \$9.2m for guarantees in respect of loan and leasing finance.

The question now remains as to whether the partners will be prepared to put up more money in the hope that production will continue to improve.

It is a moot point. Charter and ICI (which has a 50 per cent stake) have jointly voted \$3m to keep Cleveland going until the end of August, before which time the future of the project will be reviewed by the partners.

Cutting losses, especially of this magnitude is a painful business and Charter has already had enough experience of this. But pain cases in retrospect and if Charter does decide that enough is enough

### MINING

KENNETH MARSTON

there is always the possibility that a deal may be done with ICI, which uses a large part of the potash product, and which may prefer to press on.

Until the Cleveland question is settled, Charter cannot embark on any major new developments and it is difficult to value the shares. But the company retains the important backing of its strong portfolio which has sizeable holdings in other leading mining finance companies and the group's various industrial activities are doing well.

Yielding 9 per cent on the latest modest increase in the dividend, the shares pay for their keep and could move ahead if it is decided to pull out of Cleveland. The market might well take the view that Charter's long spell of bad luck has to end some time. On a more cheerful note, London's Selection Trust and Australia's MIM Holdings have

decided to take to production their small but good grade Teutonic Bore copper-zinc deposit in Western Australia. Costing some A\$38m (\$19.5m) the mine is due to reach production in mid-1981 and seems likely to have a life of about seven years.

The Selection Trust group's 60 per cent stake in Teutonic Bore is part of the package of mining interests to be put into the new Selttrust Holdings which is to be launched in Australia later this year.

The go-ahead decision for Teutonic Bore strengthens my view that the more realistic approach being adopted down- under to overseas mining concerns may soon start to pay off, although it may need a little help from firmer metal prices.

Meanwhile, the strength of sterling is a mixed blessing for the UK-based mining finance houses such as Charter, Selection Trust, Consolidated Goldfields and Rio Tinto-Zinc. It means that the things we import should cost us less — although I would be very surprised if this makes much difference at retail level when you enquire about the price of that foreign car you have had your eye on.

But we mustn't let practicalities stand in the way of good theories — that would be opening the window to the chill air of common sense — and if you are unlikely to gain much from a strong pound you can be sure that you will lose in certain circumstances.

In other words, money remitted here from countries with a relatively less firm currency will be worth that much less in terms of sterling. This will affect your overseas dividends to some degree and it will be much more noticeable in the revenue of the mining finance houses which earn most of their profits overseas.

It will handle the higher than average grade ore for the first five or six years in order to boost cash flow and repay loans. Thereafter dividends should start. Life prospects are very long with an annual milling rate of 1.12m tonnes and total ore reserves estimated at around 240m tonnes of which 38m tonnes are proven.

Finally, if like Gold Fields, you are holding good class gold shares which have already repaid their capital cost in dividends and are still going strong you will be looking forward to Wednesday morning. That will bring the publication of the Gold Fields' group June quarterly gold mining profits. They should reflect an average gold price of around \$260 per ounce compared with \$240 in the March quarter. Yesterday's bullion closed at \$289 1/2.

Fortunately for Gold Fields the bulk of its overseas income is received from the 46 per cent stake in Gold Fields of South Africa which is making money a good deal faster than sterling can climb. Now that UK dividend control has been lifted, it will be hoped that Gold Fields will reward shareholders for their patience.

Incidentally, it has been suggested from time to time that Gold Fields might be persuaded to part with its stake in GFSa, presumably because of UK sensitivities to investment in South Africa. None of the proponents of this theory have to my knowledge satisfactorily explained how Gold Fields would replace the big revenue from GFSa which amounts to at least half of the parent's total income.

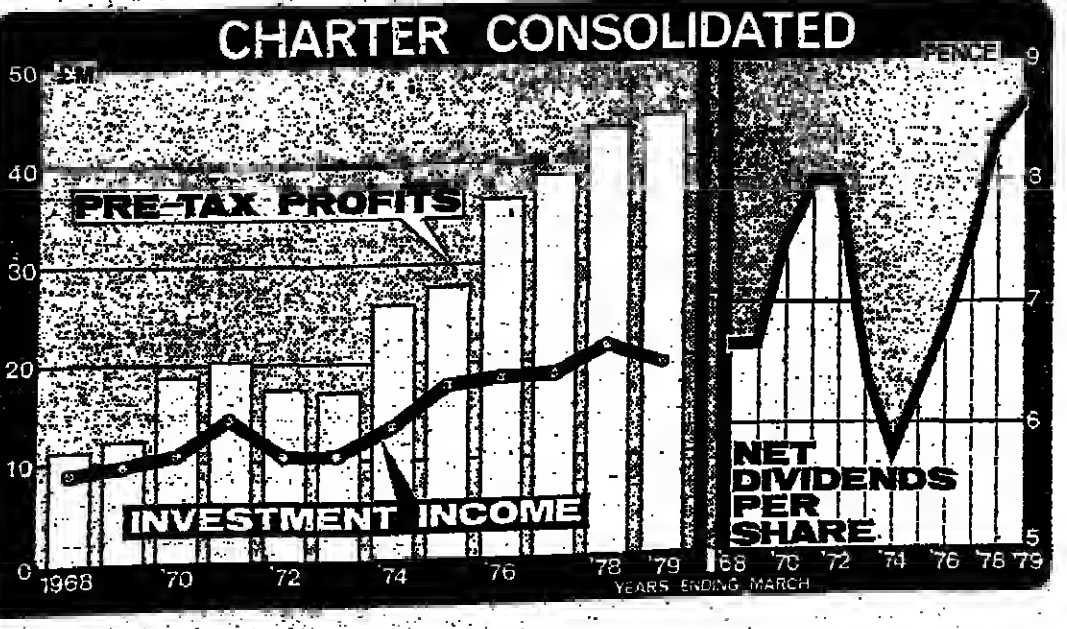
The theory has been well and truly nailed this week by Mr. Rudolph Aznew, group chief executive. He said: "We view our investment in GFSa as being extremely important as a continuing and growing investment. There is no question of our withdrawing from it."

A point that may not be generally realised about GFSa is that, unlike most of the other finance houses, it has investment company status. This means that it pays no tax on profits from the realisation of investments, provided that such profits are ploughed back into specified investments such as new mining ventures.

One of these ventures is the R180m (\$97m) Black Mountain base-metal mine in South Africa's remote and arid north-west Cape where GFSa is partnered with Phelps Dodge on a 51-49 basis. The GFSa chairman, Mr. Adrian Louw says that this "very important investment" is on schedule and due to start production in the first quarter of next year.

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# FINANCE AND THE FAMILY

## No bed and no breakfast

BY OUR LEGAL STAFF

Before the end of the last tax year, I bed and breakfasted some shares through a broker on the London Stock Exchange to take advantage of the CGT rates on small profits. But I wondered whether I could have avoided the expenses of doing the deal this way by simply selling the shares to a friend one day and buying them back from him next morning. Is there any reason why this could not be done? Are there any traps I might not have thought of? (I don't imagine any stamp duty would be payable if there was no charge in registration.)

This fact that you have not seen this idea suggested has no doubt led you to suspect that it is fraught with problems.

If you are bed-and-breakfasting for a loss, the connected-person restrictions may negate the prospective loss relief.

If you are bed-and-breakfasting for a profit, or a loss, a major stumbling block will be to prove that, when you struck the bargain with your friend, it was an outright sale and not absolutely no idea that you would ask him to sell the same shares back to you the next day (or shortly afterwards). Your friend might well be surprised to be offered a packet of shares for spot cash—and you would have to satisfy a sceptical body of Commissioners that there were no nods and winks which might have led him to suspect that you were proposing to use him as an antrepreneur in a bed-and-breakfast double deal. If transfer deeds were not executed, stamped and lodged, it would be difficult to prove the details on which the two independent bargains were struck.

This is no more than a brief indication of why other people have not been doing this for the past 14 years.

### An inference of negligence

When collecting my car after servicing, I usually find that the auto-theft device has not been re-set and the keys are left in the ignition. It is negligence "as defined by the Unfair Contract Terms Act 1977," words quoted in their invoice? How can one prove negligence when one is not there? Is there anything you suggest I should do? We agree that negligence may be difficult to prove, though

sometimes the facts raise an inference of negligence. The habit of not locking and/or securing the car would seem to be negligent unless the car were in a secure compound. You can always advise the garage (in writing) that you regard a failure to lock and secure the car as negligent and request that it be properly secured when no one is in attendance.

### Bank account under an alias

Referring to your reply under A bank account under an alias (June 16), if one were compelled to go to Court to establish one's identity in respect of, say, a bank deposit or some shares, what form would an action take? You would probably proceed in a civil court, i.e. the Chancery Division of the High Court, or if the value of the shares or bank account were less than £10,000, the County Court. The process would be by Originating Summons in the High Court or Originating Application in the County Court, in either case asking for a Declaration that the shares, account etc. are held for the absolute benefit of the Plaintiff.

### Theft and a mortgage

A lady with whom I have been living and I have decided amicably to separate. She will require a house, but her income is such that we don't know whether she could get a mortgage. Could we overcome this by taking out a joint mortgage and then by my making over my share in the property to her? Under those circumstances could the building society insist on instant repayment? Should we run into CTT and stamp duty problems? The course which you mention would not only constitute a misrepresentation to the building society which would enable it to call in the mortgage if it learnt the truth, but it is likely also to constitute the criminal offence of theft. An assignment of the beneficial interest would attract Capital Transfer Tax (if the initial exemption has been used up) and stamp duty. You could take a perfectly lawful course of offering your guarantee of her mortgage. So long as there is a good equity in the house a mortgage loan

to her alone backed by your guarantee should be capable of being negotiated.

### An insolvent estate

I am the sole administrator of an estate, whose value is less than money owed to me by the estate. I am thinking of improving a small property owned by the estate, but am concerned that I may not be able to keep the profit eventually. What should I do? Could I buy all the assets of the estate at an agreed price? You should not spend any of your own monies on the property, as any profit will accrue to the estate, not to you, when ever that profit accrues. The only way to achieve your object would be to set up a scheme which the court will sanction. As an administrator you cannot purchase assets of the estate, however fair the price, without risking having the transaction set aside. Again, your only course is to apply to the court to authorise the purchase at the price which you have in mind.

### Assets after separation

In there any way of being certain of keeping one's assets intact in the event of a divorce or separation after living together, by means of a trust of some sort, which would stand up in court? Was there not a recent American case which throws light on the problem? There is no certain way of en-

### An irregular marriage

A war widow and I decided to marry in 1972, and a house was bought in her sole name 3/5ths by her and 2/5ths by me. Later, however, she became apprehensive about losing her war widow's pension and we agreed just to live together. Having sold my home and business in Glasgow including my furniture, I am worried as to what might happen should she decide to leave me. Could I refuse to sell my share and remain in the house? Would the recent case of Pascoe v Turner 1979 1 WLR 431 turn upon provisions of English law which have no application in Scotland.

uring both that your property remains under your control and that it cannot be interfered with by the court: the scope of the court's powers is very wide. American experience is no guide. However, if you enter into an express written agreement with your wife of mistress and can show that she was independently advised (and not subjected to any pressure) the court would probably not disregard the terms of the agreement if there has been no radical change in the parties' circumstances.

### Maintenance and remarriage

I am a divorced person, my tax allowance is that of a single male, through a court order (provisional) my ex-wife was awarded £1,500 per annum.

### No limit liability

I am the leaseholder of a flat on a lease of 999 years. There are 16 flats in the development and the freehold was retained by the builder who in exchange for an annual ground rent undertook to be responsible for the upkeep of the common parts. The freeholder is now desirous of selling the freehold to the owner of the flats for a nominal sum, and the majority of the flat owners do not wish to form a company for the purpose of owning the freehold on account of the cost of formation, and the work and cost of the annual return, etc. Can you advise me please, whether it is possible to purchase the freehold in the name of four of the flat owners with the four trustees completing the declaration of trust? Can you see any difficulties or pitfalls in this proposed procedure?

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I contribute on a monthly basis less tax at 33 per cent and provide her with a certificate at the end of the fiscal year. Should I remarry, would you kindly advise as to my future tax allowance position... that is, if I claimed allowances for a married person would I have to contribute the whole £1,500 per annum with no tax credits allowable? No; remarriage will not affect your right to tax relief in respect of the maintenance payments to your first wife. Incidentally, from June 19, the net monthly payments should be increased from £83.75 to £87.50, via 70 per cent of £125. The total amount over-deducted from payments falling due from April 6 to June 18 (inclusive) should be made good as soon as the current Finance Bill receives the Royal Assent, as the Finance (No. 2) Act 1979.

The course which you suggest is perfectly possible; but its main drawback is the absence of limited liability. Another major difficulty arises from the trustees leaving the flat, as they do not always remember to retire and appoint new trustees. A company limited by guarantee would undoubtedly be more apt and the cost, split among 16 members, would not be unduly heavy.

Irregular marriage by habit and repute. That involves a couple who are both free to marry living together for a period of time where they are generally reputed to be husband and wife.

Any one of the couple can then bring an action in Court for Declaration of marriage—the decree in which is conclusive of the relationship. Another course, should the lady with whom you stay put you out of the house, you would then be entitled in due course to bring divorce proceedings against her and claim a capital payment from her equivalent to the 2/5ths equitable interest in the house.

## Packaged cover for a happy holiday

"I HAVE just been looking at the Holiday Insurance I have bought from my Tour Operator and I would like to have extra cover—what can I do?" This question was put to me this week, and while it admits of a fairly straightforward answer with the main family holiday season just beginning it is a good starting point from which to look at travel insurance now on offer.

Unless I am much mistaken, most would-be holidaymakers are more concerned at the time of booking their holidays, to see what is the additional cost of insurance premium for the cover arranged by their chosen tour operator rather than to read in detail the summary of cover in the brochure: with the cost of package insurance this year ranging up to 25 a head for the average 14 day holiday, and therefore a small percentage of the total booking bill, perhaps this is only natural.

But it must be remembered that the premium controls the contents of the insurance package, and while those contents may be and probably are fine for the majority there are bound to be a number of travellers who would prefer some different mix of cover, the deletion of some protection, or the arrangement of much higher financial limits. You may be one of these so it is clearly worth checking whether your individual needs are met by the insurance package that has been provided.

The best packages this year include cover for luggage up to £500, for money up to £100, and medical expenses of £3,000—each of these financial limits on a per person basis—appreciably less in deciding whether your package cover is adequate, look not only at the top financial limits for each section but also at any "inner" limits there may be: for example in the luggage section there may well be a single article limit in the £50 to £100 range which might mean that you can be short of insurance if you are taking any items of value in excess of such limit.

If you find that your package insurance cover is inadequate, you can perhaps go to the tour

operator's insurers and get your existing cover topped up—but this will not be done by extending that existing cover, it will be done by the issue of a separate individual insurance tailored to your particular top-up needs. And I say you can "perhaps" do this, because not all the insurers who underwrite tour operators' packages will be "involved" with the individual traveller's particular needs, so you may need to shop

### INSURANCE

JOHN PHILIP

Incidentally, your high street travel agent ought to see what is the additional cost of insurance premium for the cover arranged by their chosen tour operator rather than to read in detail the summary of cover in the brochure: with the cost of package insurance this year ranging up to 25 a head for the average 14 day holiday, and therefore a small percentage of the total booking bill, perhaps this is only natural.

If you are travelling to a Common Market country do not forget that the majority of Britons can enjoy extensive free medical expenses cover on the local DHSS office, filling in an application form and getting in exchange Form E11 which is effectively a Common Market Medical Insurance Policy.

The DHSS has a leaflet SA2E1 providing detailed information, and you should get the latest one, which is the July 1978 edition, since the eligibility rules were changed last year. There are still some barriers against self-employed persons, but not against employed persons and their dependants receiving state benefit. Teenagers up to the age of 18 still in full-time education count as dependants, but teenagers of 18 plus who are out at work do not, and so must make their own application.

Armed with the E11, the

traveller is entitled to medical treatment at least on similar lines to that provided by the particular European country's own citizens. This can be less than for 100 per cent cover, for example, in France the British visitor gets 80 per cent of his hospital bills paid, 75 per cent of his prescription charges paid and 70 per cent of his cover; fees just for personal services since the rules differ from country to country it is well worth carefully reading the DHSS leaflet which details the individual quirks of getting treatment elsewhere in the Common Market.

If you top up your package cover and subsequently have to make a claim, applying the normal insurance rules of contribution between policies providing indemnity against the same risk, you may well have to claim under both package and top up insurance and recover a proportion of your claim from each insurer. This is not true for "baggage" money, medical expenses and liability cover: fees just for personal accident insurance, which is counted as a benefit, not an indemnity, and so not normally subject to contribution rules.

Coming back to medical expenses, if you get your EHC form you should use your EHC cover first on the spot, and refer back to your insurers only such portion of your medical expenses as remains unpaid by the local health authority.

When you were looking at package cover and considering the need for any top up, do not forget that you may already have some cover in your other annual insurances. For example modern "All Risks" Policies on valuables often provide cover abroad for up to 30 days in any one year: other such policies can include cover on unspecified personal effects and for money, as well as specified valuables, and if most probably the continental extension will apply. Also in your "house" cover, for example, you may have a permanent health contract you will still be covered in most European and near-European locations while you are on holiday, so do not forget to take such all-year-round cover into account when deciding what extra to buy for this year's holiday.

## Gartmore Extra Income 9.46%

Gartmore Extra Income Trust invests in a broad spread of small, sound U.K. companies which offer the prospects of capital growth and increasing dividend payments. The portfolio is comprised entirely of equity shares and, with the anticipated lapsing of dividend restraint, we believe that this Trust is ideally situated to offer investors an increasing level of income payments over the years.

This trust, which was launched a year ago, is already valued at over £5 million and is managed by a proven investment team.

You should remember that the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

For further information, please contact Gartmore Fund Managers Ltd. at the office price listing on the day you receive this application.

Form with fields for Name, Address, and Signature. Includes a box for "I enclose a remittance, payable to Gartmore Fund Managers Ltd." and a box for "I wish to buy Gartmore Extra Income units to the value of £100.00 at the offer price listing on the day you receive this application."

## BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

For further details please ring 01-248 8000 Extn. 266

## COINS

JAMES MACKAY

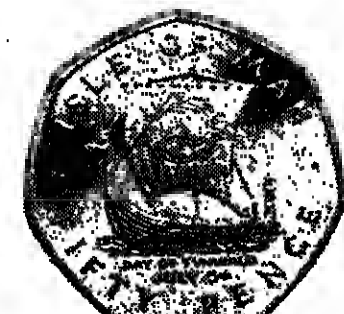
EARLIER this week the Queen, in her capacity as Lord (not Lady) of Man, presided over the Tynwald ceremony in the Isle of Man. This was no ordinary occasion, for this year the Manx are celebrating the 1,000th anniversary of their parliament, the oldest continuous democratic assembly in the world. Only Iceland, whose Althing was founded 50 years earlier, can claim greater antiquity, but its parliament has long gaps in its history. The Millennium celebrations began on January 1 and will last throughout this year. Everything has a Millennium flavour, from the quaint horse trams in Douglas to the £1 gambling tokens in the casino. Needless to say, every collectible medium has yielded its quota of Millennium memorabilia to suit all tastes and pockets, from stickers and cloth patches to Rosenthal porcelain plates and engraved crystal.

Numismatists are having a field day. Apart from the casino token, with its splendid Viking longship, there has been a TT Races Millennium medal and the Manx Treasury have plans to introduce £20 notes, with a limited edition overprinted for

the occasion. But it is the coins which are exciting the greatest interest worldwide.

Like the other commemoratives, the Millennium coins cater to the widest range of collectors. Residents on the island, and summer visitors, can get the base metal coins at face value from the banks, or the Treasury in Bucks, or Douglas. At the other end of the scale the five Millennium crowns are available from the Pobjoy Mint, Sutton, Surrey, in various precious metal versions: silver unciated (£81.50), silver proof (£99), 22 carat gold (£2,060) and platinum (£4,010).

Each of the five crowns has a motif or motifs spanning two centuries of Manx history, with the underlying theme of the island's maritime character. Thus the first coin, alluding to the 11th-12th centuries, portrays King Gredred Crovan in the bow of a Viking ship while a cartouche depicts Tynwald Hill. The 13th-14th centuries are represented by a medieval galley, with Castle Rushen in the background, while the 15th-16th centuries are symbolised by a Flemish carrack anchored off St. Michael's Isle where Sir John Stanley codified the Laws of Man in 1429. The fourth crown emphasises the part played by the island in the Civil Wars and depicts a soldier and man of war of the 17th century. The final crown in the series, the Manxman, Sir William Hillary, who founded the RNLI, above a dramatic



scene of a lifeboat going to the rescue of a ship in distress.

The ordinary circulating coinage—1p, 2p, 5p, 10p and 50p and £1—has been issued with the date 1979 below the Queen's profile on the obverse, and the usual reverse motifs. But these coins carry two new features this year. Security die-mark letters were introduced last year when the island launched its "round pound" and this feature has now been extended to the entire series. The tiny letters AA on the south-western tip of the map on the reverse denote first day of minting, while those lettered AB, AC and so on denote subsequent minting.

In the field of each coin, about five o'clock, there is a privy mark—a tiny representation of the Millennium symbol. This is a rather charming revival of a custom which has been dormant in British coinage for almost 250 years and was last used to

denote the source of the bullion; e.g. a tiny elephant and castle (noted bullion supplied by the African Company while the Prince of Wales's feathers signified Welsh silver. The Millennium symbol also appears on the reverse of the 1979 gold coins, £1, 2 and 5 pounds, which are now available to UK residents. Year sets in silver and platinum are also available from the Pobjoy Mint.

The epic voyage of Odin's Raven, an authentic replica of a Viking longship with a joint Norwegian-Manx crew, from Trondheim to the Isle of Man, via Shetland, Orkney, the West-Isles and Ireland, has captured the imagination. Even the recent mishap off the island of Mull only serves as a reminder that probably no more than one in three Viking ships ever reached our shores safely. To commemorate the Manx Millennium Viking Voyage a special 50p coin was issued. Manx 50p coins, like the 10s note before them, have featured a Viking longship of the 10th century, but the new coin shows the 20th century replica, as signified by the Millennium device on the tail. Astern can be seen Point of Ayre Lighthouse, the first sighting of the island which greeted the Odin's crew.

To celebrate the Queen's visit to the island, however, a special minting of this coin has been made. Never before has an attempt been made to put an edge inscription on a hepta-

gonal coin since the technical problems are enormous, but the research and development team at the Pobjoy Mint have overcome them fairly successfully. The legend on the edge reads H.M. Q.E.II Royal Visit 10th July 1979. One problem which is insoluble is the exact placing of the inscription on the copper-nickel coins. Fed mechanically into the press, thus the inscription may begin on any one of the seven sides, either upright or reversed in relation to the obverse. Now the hunt is up to

find all 14 possible combinations. The silver versions of this coin, being struck individually, do not have this problem.

Following the success of their recent "round swap" at their Tourist Board Offices in London, the Isle of Man has organised a similar exchange at the Henley Regatta today. The coins are available at face value from Bell Street, Henley, and bear a die-mark of tiny crossed oars, surely the most novel souvenir of the Royal Regatta in its 140 years.

## Income Bonds & Growth Bonds up to 11.4% per annum TAX FREE for 4 years

Interest rates are at their peak and we are pleased to announce strictly limited offers of income bonds and growth bonds by both leading British Insurance Companies and established Building Societies at unequalled rates of interest.

\*The yield shown above is free of basic rate income tax and capital gains tax. Even at 75% tax the net yield could be as high as 8.9% p.a.

For full details please return the coupon below. Urgent action is advised as interest rates are already falling.

Form with fields for Name, Address, and Signature. Includes a box for "Please send me details of current Income & Growth Bonds."

## UNIT TRUST AND INSURANCE OFFERS

Table listing offers from M & G Group, London Life Limited, Hill Samuel Life Assurance Limited, Gartmore Fund Managers, Tower Assurance Advisory Services Limited, Target Life Assurance Limited, and Britannia Financial Services Limited.

## EDUCATION

MICHAEL DIXON

82.74. For the following year the tuition fees were raised, on average, by nearly 60 per cent. The number of overseas students rose to about 87,000.

Moreover, it is arguable that the demand would continue even if the State institutions were to emulate their private-sector counterparts and sell at a profit. For example, in the words of a report on private colleges just published by the Policy Studies Institute:

"A substantial majority of students in language schools are from overseas together with over half of those in general subjects at tutorial colleges and also those studying what we have termed 'technical' subjects. Overall about a third of private-sector students (excluding correspondence colleges) are from overseas... It compares with a figure of about 10 per cent of students in public further education."

But the fear of a large-scale transfer of affections is not upheld by experience.

In 1976-77 the number of foreign youngsters in the universities, polytechnics and further education colleges was

Table showing interest rates for FFI TERM DEPOSITS for terms of 3, 4, 5, 6, 7, 8, 9, and 10 years. Today's rates are 12% - 12 1/2%.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 20.7.79 are fixed for the terms shown:





J.P. 1101.50

# YOUR SAVINGS AND INVESTMENTS

EDITED BY EAMONN FINGLETON

## A Family affair

### BUILDING SOCIETIES

ERIC SHORT

THE LATEST building society investment plan, launched this week by the Alliance, should have been a world-beater—but it is not.

The Alliance Family Bond enjoys a combination of tax advantages never before seen in one investment scheme. For the Alliance's Roy Cox has set up a unique deal with Family Assurance, a friendly society which is exploiting a quirk of the laws on friendly societies to claim tax-free status for its investment income.



Cox: unique deal

The scheme is for a lump sum investment of £1,100 which you have to tie up for 10 years. The money is deposited with the Alliance and gradually fed into a 10-year endowment plan with Family Assurance. The premiums secure the usual 17½% in the pound life insurance tax subsidy. Family Assurance re-deposits the money with the Alliance—and because of its tax-exempt position it can reclaim the tax the Alliance pays on the interest. Thus, the total return at current interest rates is 10.45 per cent while the money in the Family Assurance's account with the Alliance.

Many other building societies have already forged links with life insurance companies, but the resulting plans all suffer the usual tax rate of 37½ per cent on the investment income from life fund investments.

Yet the pay-out the Alliance is promising after 10 years is only £2,688 assuming current interest rates are maintained—which represents a net annual return of 8.2 per cent.

Despite the flourish which the Alliance unveiled the scheme this week, this is not the highest return available from building societies. The Bradford and Bingley, for one, offers a better rate on its new High Yield Linkplan scheme, which is similarly geared to 10-year lump sum deposits and also uses the tax subsidy for life insurance premiums to enhance the returns. The Bradford and Bingley provides a net return of 9½ per cent over 10 years assuming current interest rates are maintained.

One reason for the Alliance's somewhat disappointing showing is that while the money is waiting to be channelled through Family Assurance's hands it is earning interest at only the basic building society tax-paid deposit rate—instead of a term share rate which would be more appropriate.

But Family Bond's major handicap is the high management charges the investor has to pay. Only one-third of your first year's premium is invested for you and Family Assurance keeps one-twelfth of each subsequent year's premiums. With most rival building society charges amount to only between 6 and 8 per cent of your premiums.

There are three reasons for Family Bond's high charges: ● Family Assurance has to deal in small units. The tax-exempt deal only applies to schemes where each year's premium is no more than £110 in the case

of an individual or £220 in the case of a married couple.

● Since the fund does not pay tax, it bears the full brunt of the heavy initial expenses whereas in a taxed fund they go to offset tax.

● Family Assurance is paying high commission to insurance brokers and other intermediaries who sell the scheme. The commission is 250 per cent more than the limit laid down by the Life Offices Association. Most other building society plans pay little or no commission.

Family Assurance's chief executive, Bob Morrison, defends the high commissions on the grounds that otherwise few investors will get to hear about the scheme. He points out that despite the phenomenal yield on existing building society insurance plans they are a flop with the investing public because no one has much incentive to promote them. His theme is that life insurance is sold, not bought—hence the salesman should get an adequate reward.

But the drawbacks of the plan do not end there. The tax claw-back penalties if you cash-in within the first 10 years make those on other life policies seem very mild by comparison. The investor is virtually locked-in for 10 years and the Alliance, to its credit, has not tried to gloss this.

Cox emphasises that Family Bond is a long-term investment and has tried to make a virtue out of this feature. For unlike other linked plans, Family Bonds can be kept in force indefinitely building up tax-free income—and the longer the investment period, the greater the tax advantage. Alternatively, the investor can use the lump sum accumulated after 10 years to provide tax-free income—at a handsome 10.45 per cent. No other plan can offer this advantage.

Family Bond is restricted under current tax legislation to married men, married couples and to women with dependent children.

Used as a long term savings vehicle this plan has many advantages. But how many investors use building societies for long-term investment? Their whole philosophy is surely that in a building society they do not have to wait very long to get their money. Many feel four years is too long to lock away capital, so what is their reaction to 10 years?

The current high yields for income bond investors will tumble at the first sign of a cut in interest rates generally, writes Eric Short

## Unrepeatable income offers

HURRY WHILE stocks last must be the advice for investors in income bonds.

Life insurance companies reacted to the Budget increase in City interest rates by improving the yields on guaranteed income bonds. Now investors paying basic rate tax can get a net yield in excess of 10 per cent over three, four or five years.

But gilt prices have firmed up in the past few days so life companies are likely to cut the juiciest income bond yields very soon. Some companies stack up with gilts in anticipation of a drop in market interest rates, and this enables them to hold an offer open for a day or two longer.

But if you are considering buying this type of investment, act on Monday.

The table shows the best returns available at present. You will see that they are a point or two higher than the corresponding returns you are likely to get from major building societies over the same period. Life companies have a major advantage because they can use the subsidy for regular premium insurance plans to soup up income bond returns.

### Going, going . . .

Current net annual percentage yields on income bonds for a basic rate taxpayer.	
THREE-YEAR TERM	
Liberty Life	10.8
Tyndal*	10.1
Target Life	8.1
FOUR-YEAR TERM	
Skandia Life	10.6
Trident Life	10.1
Canterbury Life	10
L & G	9.7
Abbey Life*	9.7
Windsor Life	9.1
FIVE-YEAR TERM	
Provincial Life	10.1
Target Life	10.1
Lloyd's Life	10
L & G	9.1
Charterhouse	9.1
M & G	9.1

\* For a male aged 50. Source: Planned Savings

To get this tax advantage life companies structure an income bond as a 10-year qualifying policy with a death cover equal to the original investment. One part of the lump sum pays for the first annual premium. Most of the rest is used to pay the premiums in each of the next

three years. The balance pays the income.

Most life companies operate a four-year investment period and the guaranteed surrender value is equal to the original investment. As the underlying 10-year policy has run for four years, there is no question of the tax subsidy being clawed back by the Inland Revenue when the investor is a basic rate taxpayer. The TSB Trust company, whose bond is one of the newest on the market, has eschewed this method and used instead a single premium endowment policy with guaranteed bonuses to provide the income. There is no tax subsidy so, not surprisingly, the yield is only 8.6 per cent.

With some bonds, the investor is locked in for the whole investment period. So you should check the terms for early cash-in. Another snag is that bonds are subject to higher-rate tax. Higher-rate taxpayers have an immediate tax bill for income in excess of 5 per cent. The balance of the income is taxed when the term is completed.

Thus higher-rate taxpayers should really consider whether these bonds are the best investment.

## Yield curve somersault

FOR followers of the London money markets, these graphs (right) are probably worth a thousand words.

They represent the yields which investors at different times were receiving on various types of gilt edged stock.

The dotted lines, giving the position a year ago, will not cause seasoned City observers to raise an eyebrow. The solid lines, based on Tuesday's statistics, represents current market conditions and historically is highly unusual.

It shows, for instance, that short-term rates are one and a-half points above medium and long-term interest rates.

### Unusual

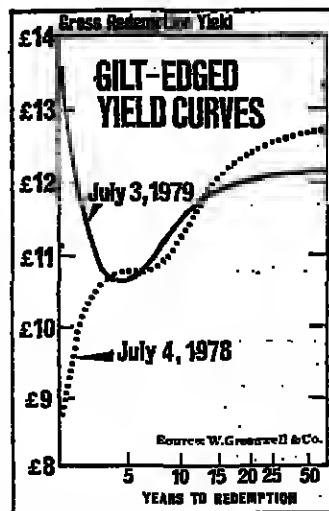
This is unusual because lenders who lock their money away for a long time are generally only prepared, given the risks of rising inflation, to do so for a progressively higher return—as last year's graph illustrates.

What therefore does last week's reverse yield curve tell us about the current outlook for interest rates?

Short-term yields have reached their current levels for a number of reasons. The Government, for instance, has pushed up Minimum Lending Rates to its present 14 per cent in order to choke off the undesirably high rate of monetary expansion. This has been

### GILTS

TIM DICKSON



fuelled by high loan demand from companies, partly because of the consumer boom, and partly because of the winter's industrial troubles which have squeezed corporate liquidity.

The Government, meanwhile, has also been borrowing heavily through the gilt edged markets and the consequent strain on the banking system to finance these gilt purchases (many by foreigners who are also taking advantage of the pound's strength) has led to a severe shortage in the money market. The large inflows of overseas money incidentally have been partly offset by the outflow of sterling to pay for the UK's trade deficit.

Although the Bank of England granted the banks a temporary release of special deposits this week, it insists that the Government's tough monetary policy remains intact. The result: a credit squeeze.

The reverse yield curve, by showing that long term yields are actually lower than short term interest rates, also tells us that the markets expect loan demand to ease off and therefore short term rates to fall. Peter Scott, the economist at stockbrokers Joseph Sebag,

feels this could happen in the next four to five weeks and like many others he thinks this will be followed by a fall in Minimum Lending Rate.

Exceptional factors, he says, like the winter difficulties, VAT repayments, and unusually large purchases in March of Certificates of Tax Deposit, have forced up loan demand in recent months. Many of these factors, however, could soon disappear.

As a result lenders have not been keen to hold short term instruments, preferring instead to give their money to medium and long term borrowers. If MLR does then come down the yields on medium and long term gilts will look even more attractive.

## Beware switcher's twitch

### BONDS

EAMONN FINGLETON

BOND SWITCHING seems to have taken over from alchemy as the fool's way of making money.

Bond enthusiasts are mesmerised by the low charges most investment groups make for switches between one of their funds and another. An investor can switch between a cash fund, equities, property and gilts at a fraction of the cost involved in the market direct. The theory is that if you get your timing right—by, for instance, getting in at the bottom of every stock market rally and out at the top—you can make your fortune in double quick-time.

Several insurance brokers are advertising their services as advisers to would-be switchers. Their charge is usually 1 per cent of the funds under management.

Until recently it has been hard to know how good the advice has been. But now Planned Savings magazine has been checking. A dozen brokers have bravely volunteered to notify the magazine of their switching advice. They are each managing a £10,000 bond for two or three imaginary clients. The best performer has boosted his bond value to £11,941 since last December, which represents a gain of about 26 per cent on the £9,500 starting level after you take account of the £500 front-end management charge. But most of the other 36 runners have shown distinctly mediocre form.

Probably the best independent yardstick to judge the switchers by is what you would have achieved if you had invested instead in a managed fund with one of the better-established groups. Managed funds are invested in a mix of cash, fixed interest, property and equities and in theory at least the managers are meant to do your switching for you. So as a control, the managed funds of J.P. and C. Vanhugh, Equaro Life and Solar Life were chosen as typical of the sort of vehicles that a well-informed broker might choose as an alternative to providing a switching service.

Their growth in the period averaged just under 11 per cent from a base of £9,500. Only eight of the brokers' switching exercises did better.

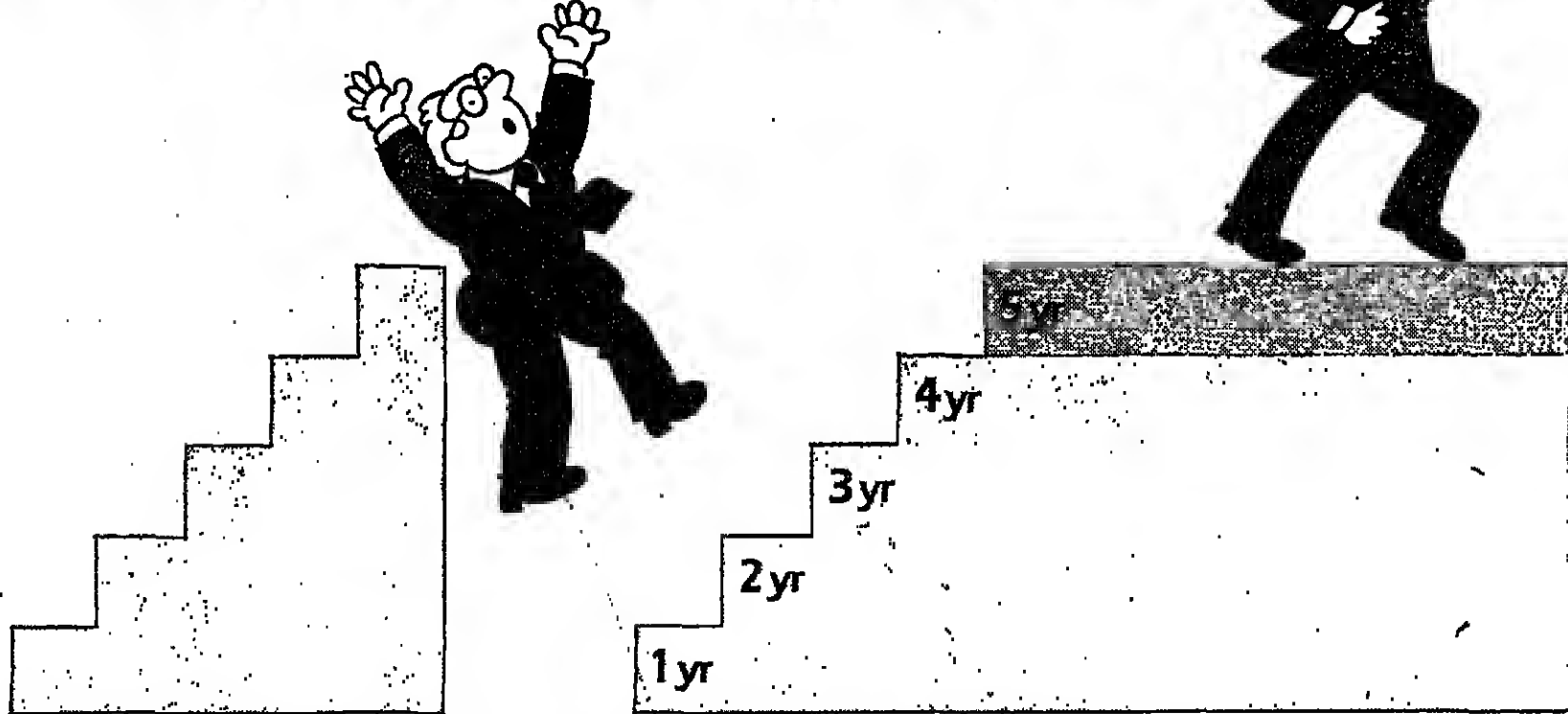
To the professionals, the result is hardly surprising. Managed funds cannot switch money around between different investment fields as readily as an individual using switching facilities—and it is usually not feasible for them to go nap on a single investment. But to be set against these minor disadvantages is that managed funds are looked after by people who watch investment markets full-time and usually have a considerable reputation to keep up.

So why provide individual switching facilities? Investment management groups admit that they do so mainly to satisfy demand from brokers and from a minority of gambling-minded investors.

There is no doubt about the marketing edge of incorporating switching facilities in a bond package. At about 1 per cent or less per switch, moving money around within a bond is a great deal cheaper than if you invest direct (where the switching costs would probably be around 5 per cent). But even such low charges can quickly become debilitating if the switcher gets hooked on trying to second-guess the City.

# NEW ABBEY NATIONAL OPEN BONDSHARES

## KEEP YOUR SAVINGS ON TOP



### Many New Escalator Schemes

A lot of new savings schemes offer higher interest the longer you leave your money. But after a few years you've got to start all over again at the lowest rate.

### Abbey National Open Bondshares

Abbey National Open Bondshares also offer higher interest the longer you save.

The difference is, we don't let you down in the end. After 4 years, your savings go onto an even higher bonus rate... and you can stay there as long as you stay in the scheme.

Also, we have two ways to get you to this big bonus.

The first is the normal STEP method, where you commit your savings for one year only and, with each additional year, gain higher interest as the chart shows.

The second is Abbey's special JUMP system, where, if you feel you can commit your savings for a longer period than one year, you can jump straight on to the appropriate higher interest rate. So that if you committed your money for four years, you would start immediately on the high 9.50% rate. (Don't forget, tax at the basic rate is already paid. With the basic rate at 30%, 9.50%

is equivalent to 13.57%.) Whichever method you choose, from year five your savings go onto that unique Abbey bonus platform. Even if you're not sure whether you can save for so long a period, it makes sense to join the scheme that lets you.

Rate of Interest	Initial Contracted Period			
	1 year	2 years	3 years	4 years
	% p.a.	% p.a.	% p.a.	% p.a.
1st year	8.25	8.50	9.00	9.50
2nd year	8.50	8.50	9.00	9.50
3rd year	9.00	9.00	9.00	9.50
4th year	9.50	9.50	9.50	9.50
5th & subsequent years with Bonus Differential of 2%	10.00	10.00	10.00	10.00

The minimum investment is £500 and your interest can be paid half-yearly or as monthly income. Come on in!

URGENT INVEST NOW

17.2% p.a.

GROWTH—WITHOUT EVEN TRYING!

This return over four years is just an example of the staggering annual growth rates which can be obtained with a special new Plan—as a result of recent tax changes. And the most surprising thing about this example is that the growth arises purely from legitimate tax concessions available to all taxpayers. Any investment growth, of course, would increase the return still further.

This Plan provides capital for children when they come of age, but—in many cases—the extent of the tax concessions will be dramatically reduced unless you invest before 31st August.

You may never have considered the idea of investing for a child before. The helping hand now available from the Inland Revenue can make a great deal of difference. We therefore urge you to give it careful consideration now, because the returns are extremely attractive—

Child's age now	Your net outlay	Return at age 18*
6	£9,786	£21,848
12	£4,893	£10,059

\* Assuming annual investment growth of 17.2% per annum compounded

To: Julian Gibbs Associates Ltd. Tel: 01-487 4495.  
9 Manchester Square, London W1M 5AB.  
Please tell me more about this exciting new opportunity.

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Date of Birth \_\_\_\_\_ Tax Rate \_\_\_\_\_

**Fill in the coupon now** To: Dept. B.S., Abbey National Building Society, FREEPOST, Baker Street, London NW1 6FL

I/We enclose a cheque, numbered \_\_\_\_\_ Tick appropriate box

value £ \_\_\_\_\_ to be invested in Abbey National

Open Bondshares for the initial contracted term shown.

4-year  3-year  2-year  1-year

I/We require that my/our interest be paid out monthly  or at 6-monthly intervals  (PICK WHICH EVER IS APPLICABLE)

I/We understand that the investment cannot be withdrawn before the end of the initial contracted term, except in the case of death and that after the contracted term is completed the investment will continue in the scheme subject to 3 months notice of closure by me/us or the Society.

Full Name(s) \_\_\_\_\_  
Address \_\_\_\_\_  
Date \_\_\_\_\_ Signature(s) \_\_\_\_\_

**ABBEY NATIONAL OPEN BONDSHARES**

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FT4

ABBEY NATIONAL BUILDING SOCIETY, ABBEY HOUSE, BAKER STREET, LONDON NW1 6XL







This is luxury you can afford.

The new Renault 30 TX. At a little over £8,000 on the road, it's smoother than a '61 claret.

All-round, fully independent suspension evens out the most uneven of roads.

You'll find its velour-covered seats as comfortable as your favourite armchair.

Thick carpet inside also gives the impression that you're driving on thick carpet outside.

And what's smoother than a V6 engine with fuel injection and an automatic gearbox?

Alternatively, five manual gears give a top speed of 117mph.

At a steady 56 mph, you can travel 35 miles on a gallon of petrol.

Now let's take you behind the leather-rimmed steering wheel for a moment.

Electronic ignition means smoother and easier starting.

Power steering makes light work of driving.

You'll see the world go by through tinted windows. The front ones operate electrically.

And when the sun comes out, it can come into your car at a flick of a switch.

Via the electric sunroof. All the latest controls are housed in something you probably haven't seen lately.

A real wooden fascia. You will also get stereo sound from the radio and cassette player that's fitted as standard.

And when the car finally rolls to a halt in your driveway, you'll find we haven't forgotten any finishing touches.

Lock the driver's door and you automatically lock the other three doors, the

hatch-back and even the petrol cap.

Front and rear bumpers are rubber re-inforced for one simple reason:

It's hard to make an unsightly dent in rubber.

And the halogen headlights are kept clean and bright by their own wash/wipe system.

Alloy wheels and an exclusive range of colours make the 30 TX a pretty exclusive looking car.

Your nearest Renault dealer would be more than willing to let you test drive it.

**RENAULT 30TX.**

Renault recommend **elf** lubricants

# It's like driving on kerb to kerb carpet.



Renault 30TX £8,275.00. Automatic version £8,480.00 includes Car Tax, 15% VAT. Delivery, number plates extra. \*Manufacturer's performance figures. \*\*Department of Energy tests: simulated urban cycle, 17.2 mpg, 16.5 litres/100 km; constant 56 mph, 35.3 mpg, 8.0 litres/100 km; constant 75 mph, 28.0 mpg, 10.1 litres/100 km. For details of fleet sales, business or professional leasing, or a brochure, write to Renault, PO Box 2, London W3. For export details write to Renault UK Ltd, Western Avenue, London W3. Ask any of our 435 dealers about low rate Renault Loan and Insurance Plans, West End Showroom, 77 St. Martin's Lane WC2.



















SPORT

Martina takes it with confidence

BY JOHN BARRETT AT WIMBLEDON

A WIMBLEDON women's final which had promised so much ended tamely in a convincing 6-4, 6-4 victory for the defending champion, Martina Navratilova, over Chris Evert Lloyd yesterday.

Only two weeks ago in the final of the Colgate event at Eastbourne the same pair played a classic match which Mrs. Lloyd won 13-11 in the third set, and when the two women met in last year's Wimbledon final it was also a three-set affair with Miss Navratilova coming back from 2-4 down to triumph 7-5.

15 and had a break point against the champion in the seventh game, which she squandered by netting a backhand. Miss Navratilova prepared to serve for the first set at 3-3.

Here, for the first time, Miss Navratilova's accuracy deserted her. The first two points were lost on a forehand, then a backhand, beyond the base line. Another fine Lloyd backhand forced her into a full stretch volleying error and she completed a miserable game by double faulting, and being broken to love.

Sensing a comeback in the making the crowd buzzed with anticipation but the revival was stifled as Martina took a firm grip on her temperament. A Lloyd half volley into the net gave the self-called Czech two set points and though she cast away the first by netting a forehand, a miss hit volley off the wood won her the first set in 26 minutes.

time at the cost of a mere two points. Now there could surely be no looking back for the 22-year-old champion.

But two missed smashes, one low into the net and the other over the base line, lost her a service game and now the lead was whittled back to 2-2, but Mrs. Lloyd's direction remained wayward, her serving was untypically poor and as Miss Navratilova said afterwards "I was never really worried because I knew I could break her. She couldn't really hurt me, so it was up to me to control the tempo of the match."

That is exactly what she proceeded to do, moving into a 5-2 lead. Eventually, after 53 minutes she found herself serving for the match and her triumph was only temporarily delayed when Mrs. Lloyd, in her final fling, took that ninth game by courtesy of a Navratilova double fault and two other errors.

taken her to two previous Wimbledon titles. A loose forehand return which invited, and received, "appropriate punishment" put her 15-30 down, then Miss Navratilova arrived at match point with a crushing forehand, which skidded through low.

Though Mrs. Lloyd got her next first serve in, Miss Navratilova charged the net, narrowing the options for her opponent who projected a forehand well beyond the baseline and the match was over in exactly an hour.

Afterwards Mrs. Lloyd praised the consistency of Miss Navratilova's first service. "She had me on the defensive the whole time and I never felt I was in the match. I couldn't find any answer to her serve. This type of court suits her game a lot better, I have to struggle more on grass."

U.S. professional golfers raise \$4m a year for good works. Could we do it here?

Fine play and high returns for charity

ONE OF the justifiably proud boasts of the PGA tour in the U.S. is that every year more and more money is raised at professional golf tournaments to benefit a host of deserving charities. The final figure for 1978 was over \$4m, which in some part excuses the fact that in 1979 the total tournament prize kitty will run close to \$13m. I use the word "excuses" because I am not alone in thinking that offering such huge sums of money to professional sportsmen in such difficult times is more than a little obscene. Perhaps it is as well to avoid the subject by costly addition that in golf's case the end appears to justify the means.

Certainly one of the most conspicuous tournaments in charitable terms is one of the least fashionable, in that year after year the sport's really big names tend to bypass the Danny Thomas Memphis classic, which produced the most exciting "sudden death" playoff I have ever seen. In this, Dr. Gil Morgan beat Larry Nelson at the second hole in the most unlikely manner last Sunday, but more of that later.

Back to Sunday's finish. Andy Bean, the 1978 winner, appeared a good bet to repeat his victory when he came from behind to reach the turn in five under par 31, to be one shot clear of Tom Kite, his nearest rival. But three holes later it was Kite who led by two shots from Bean, and the eventual "play-off" participants, who were playing together up ahead.

GOLF

BEN WRIGHT

A total of 210 patron sponsorships will be on offer next year at a price of \$1,250 each, against 201 that were actually purchased this year at \$1,000 apiece. In return for that outlay, a patron is entitled to play in the Pro-Am that precedes this, and practically every other tournament. In addition he will receive 83 tickets to distribute among clients, relatives and friends.

Only 100 golden sponsorships will be on offer next year at \$500 each, against the 87 sold this year at the same price. The golden sponsor receives 42 tickets, regular sponsorships at \$150 apiece that entitle the purchaser to 10 tickets will be increased to 1,200 against this year's figure of 980 at \$125 each.

A new development this season at the Memorial Tournament has been adopted for next year's event in Memphis, namely that there will be no daily ticket sales that were this year available at seven outlets around the course. It is hoped that such a move will improve the traffic flow and abolish the queues of people sweating irritably at every gate.

So 2,000 season tickets at a cost of \$20 will be offered in advance to the public, while children of 12 and under will get the same tickets at the price of \$5. This year's tournament drew a total of 124,500 spectators against the record of 149,000 established in 1977. The 15 acres of car parking space in the housing development purchased by the host club, the Colonial, with the tournament in mind, almost reached saturation point.

Nelson and Morgan both came home in 31 shots for rounds of 65 and 68 respectively. The former had to make a chip and putt birdie at the last hole to tie, as Bean and then Kite faded away.

Morgan then just missed the green to the right of the 200 yards 15th hole, after Nelson had played a superb four-iron shot 18-ft away, dead on line. A local favourite who qualified as an optometrist in Memphis, Morgan got up and down in two shots, while Nelson lipped out his birdie putt.

And so the pair progressed to the 512 yard 16th, a sharp dog-leg to the right downhill, with the second shot played over water to a green protected by a large cross-bunker. Nelson's drive was excellent, but Morgan replied with a stunningly played, fade around the corner of the trees, that finished at least 50 yards in front of his rival's ball. Nelson bunkered his second shot with his three-wood. And with the adrenalin pumping, Morgan hit a horrible push with his three-iron that finished 40 yards beyond the green on a cart-path.



**Battle of the Centre Court**  
**BJORN BORG (SWEDEN)**  
Age: 24.1.  
Born: Sodertalje, Sweden.  
Home: Monte Carlo.  
Unmarried—engaged to Mariana Simonescu (Romania) 1976.  
Height: 5 ft 11 in.  
Weight: 160 lb (11 st 6 lb).  
National Ranking: No. 1.  
ATP Computer Ranking: 2.  
Plays: Right-handed on forehand, double-handed on back hand.  
Grand Slam Titles won: Wimbledon 1976, 1977, 1978. French Open 1974, 1975, 1978, 1979.  
Junior titles won: Orange Bowl 1971-72, Wimbledon 1972.  
Wimbledon Records: Won 1976, 1977, 1978; quarter final 1973, 1975.  
Prize money: 1973-78 \$1,956,171.  
Prize money: 1979 (prior to Wimbledon) \$239,522.  
Record against Tanner: 8 wins, 3 losses since 1972.  
Possessed of probably the best ground strokes of the past decade, Borg is completely at home at the base line even on fast surfaces like Wimbledon's grass. He loves to control rallies from the base line almost daring opponents to come in when he flashes passing shots down the lines or across the court with equal ease.  
Controlling all is the coolest tennis brain in the business with a depth of concentration that would surely ignore even a bomb exploding in the stands.  
His weaknesses are few with perhaps the volley, especially on the backhand, as the only Achilles heel. Very occasionally his timing deserts him when he will make more errors than usual—but don't expect that to happen in a Wimbledon final.

**ROSCOE TANNER (U.S.A.)**  
Age: 27.9.  
Born: Lookout Mountain, Tennessee.  
Home: Klawah Island, South Carolina; Palm Springs, California.  
Married. Wife Nancy, no children.  
Height: 6 ft.  
Weight: 170 lb (12 st 2 lb).  
National Ranking: 7.  
ATP Computer Ranking: 6.  
Plays: Left-handed.  
Grand Prix Titles won: Australian Open 1977 (January).  
Junior titles won: 5 U.S. national singles and doubles.  
Wimbledon records: Semi-final 1975 and 1974.  
Prize money: 1972-78 \$933,492.  
Prize money: 1979 (prior to Wimbledon) \$107,956.  
Record against Borg: 3 wins, and 3 losses since 1972.  
Tanner's 150 mph first serve is the foundation of his all out attacking game. He can hit it either very fast with the same action just changing the angle of the racket head at the last moment, so that it is difficult to pick. The second serve too is hard, and deep, hit with the same fast action.  
The volleys are uncompromising and deadly, and the smash lethal. As far as weaknesses go there is a firmness about his entire game, more simple unforced errors than he can afford. The concentration too sometimes wanders although this year at Wimbledon he has not failed on this score. He has the confidence of having beaten Borg three times in 11 meetings but, and it is a big but, this is his first Wimbledon final. Expect the tension to show.



Pictures: Hugh Routledge

CHESS

LEONARD SARDEN

IT HAS become rare in recent years for leading foreign grandmasters to compete in international tournaments inside the USSR, despite Russia's reputation as a chess Mecca for serious

players. The major reason is summed up in Larsen's comment: "My mortgage company doesn't accept rubles." When there is a choice of good events in the West, few will opt for a month-long competition with prizes in non-convertible currency.  
However, grandmasters and masters who have followed Larsen's lead have in many cases missed out on an essential

training for a strong player—the experience of meeting hard and determined opponents day after day in a strange environment.  
It is significant that those who have played in Russia, particularly when still young and improving, have shown marked benefit in their later tournaments. After Stean and Miles took part in the Alekhine Memorial of 1975 and Dubna 1976, both flowered into strong grandmasters approaching world class within a year.

BRIDGE

E. P. C. COTTER

Play of the Hand with Blackwood (Robert Hale, £9.95) is certainly an expensive book, but it does give value for money. In fifteen chapters Easley Blackwood deals with many aspects of declarer play and defence, and illustrates them with well chosen example deals. Let us look at this no trump hand:

and cashed the rest of the diamonds, making his contract with two spades, two hearts, and five diamonds.  
No one could call this a difficult hand, but I know many players, and I am sure you do too, who would win the first trick with the spade Knave, and so throw away all chance of bringing home the contract.  
Now for one of the career coups—one which I have brought off only once myself:

Leading English internationals have, to their credit, all considered strong events in Russia and Eastern Europe as an important part of their chess education. That so many of them have been able to go reflects the support provided by the Friends of Chess and by Robert Silk Fellowship travel scholarships.  
Winners of the Robert Silk tournament for young masters who have subsequently been financed to play in Russia include Stean, Hartston, Bellin and Speelman. The main attraction of the Friends is to assist British players' travel to tournaments all over the world. New members of the organisation are always welcome; for details, write to Juniper Cottage, South Park Crescent, Gerrards Cross, Bucks.

1978): 10 B-KN5, B-N2; 11 Q-Q3, Q-Q2 (more natural N-Q2); 12 QR-Q1, P-K3; 13 P-Q51 (disorganising Black's Q-side), P x P; 14 P x P, R-B5; 15 Q-Q2 (not 15 Q x P? B-QR3), R-B1; 16 B-R8, B-R1; 17 Q-B4, N-R3; 18 B x P (a safe pawn, but N-K5-N4 is even stronger); R-K1; 19 N-N5, B-K4; 20 Q-R4, P-N4; 21 B-N3, N-B4; 22 P-KB4 (to open the KB file and increase the pressure on the black king), B-KB3; 23 P-B5, R-K5; 24 Q-R2, B-K1; 25 B-B, N-B; 26 P x N, Q-Q3; 27 P x P! (decisive, for if R-P x P; 28 B-B6, or B-P x P, 28 Q-B3. The game continuation is no better for Black), Q x N P; 29 Q-Q7, B-R3; 29 B-B2, Q-R-K1; 30 R-N3, B-B1; 31 Q x N P, P-KR4; 32 B-K7! (a problem-like final move; other squares for the bishop allow B-N5). Resigns.

POSITION NO. 275  
BLACK (14 men)  
WHITE (13 men)

A might-have-been from Portisch v. Petrosian, candidates match 1974. Petrosian has just exchanged an advanced Knight, so Portisch (White, to move) has to decide between (a) 1 B-P x B allowing exchanges on the QB file or (b) 1 K-P x B allowing Black to undermine the pawn chain by Q-Q2 and P-QN4. Which capture is best, and why? Portisch failed to solve the puzzle.

PROBLEM NO. 275  
BLACK (5 men)  
WHITE (7 men)

White mates in three moves, against any defence (by F. Giegold, Schachreport 1977).  
Solutions: Page 12



Drawings by Celia Baker



Photograph by Trevor Humphries

Designer bargains

AS WE all know it has been a terrible summer. However it's an ill wind and all that—the sales this year should offer some of the best opportunities to buy summer clothes at attractive prices that there have ever been.  
My attitude to sales always used to be to use them as an opportunity to buy ordinary sensible things that I wanted any way at much reduced prices. This year I think one should look at them quite differently—they offer a heaven-sent chance to buy clothes you would normally never be able to afford. We all long to have one amazing garment—either to shimmer in at parties, to wear forever as the great classic standby or simply the go-anywhere, look-good-any-time dress. This is the year to buy it.  
Whether in or out of London, look at the expensive ranges and you will find very beautiful things—coats, dresses, suits, evening wear, shoes—which will give you lasting pleasure.  
At Harrods there will be clothes by Courrèges, Jean

**FASHION**  
LUCIA VAN DER POST  
Varon, Givenchy, Thierry Mugler, Daniel Hechter, Chanel, John Galiano and many other designers all reduced by very large amounts. I liked enormously the casually chic, slightly sporty three-piece outfit by Umberto Giannotti, sketched left in 100 per cent cotton, in burgundy or grey; the jacket is reduced from £98 to £49; the skirt and the trousers are reduced from £72 to £36 and from £45 to £22.50 respectively.  
At Harvey-Nichols also there are clothes at reduced prices by designers like Krizia, Emanuel and Jean Muir. We photographed (below left) a lovely pure silk two-piece by Jean Muir, which could be worn to an infinite number of events. In navy with dusky pink and cream it is reduced from £238 to £119. Sales at both shops start on Saturday, July 14.

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# HOW TO SPEND IT

by Lucia van der Post

## Jewellery: flair, experimentation... and the classics

JEWELLERY can be many different things to many different people. To the rich jewellery offers a means of showing just how rich they are or a way of investing a lot of money in a small package which may well prove a much better investment than stocks and shares. To those who love stones the really rare or beautiful gem gives them a thrill that they don't get from anything else.

However, even those who don't have a great deal of money to spend can indulge in a piece which is exquisitely conceived and wrought, where the true value lies in the quality of the design,

or, if you like, the art, rather than in the intrinsic value of the materials.

At the moment in Britain a great deal of jewellery of exceptional quality is being made in small workshops up and down the country and to my mind most of it represents quite astonishing value. There are plenty of bracelets, rings or brooches made in precious metals like gold or silver which can be bought for less than £100. I'd infinitely rather spend my money on this kind of jewellery than on the dead-end safe buy. This way one's taste, judgment, acumen are all the more

severely tested but the thrill and the fun are much greater.

Just at the moment there is the perfect opportunity to look around at the work of several young designers and see for yourself just how reasonably-priced this jewellery is and to spot, perhaps the Cartier or the Fabergé of the future. Sketched and photographed, here, is a selection of the work from three exhibitions currently on in London: two are at small galleries, and the third is from the famous annual bazaar for those who want to see what is happening in the jewellery world at grassroots level—Loot.

NATHALIE HOCC is still under 30 and is managing director of Cartier SA, the world-famous jewellery company. When people discover that her father, Robert Hocc, is president of Cartier, they tend to nod knowingly, as if to say, "Ah-ha, so that's how she got where she is." They don't think that for long if they have anything to do with her in her working capacity. I believe her utterly when she says: "The fact that my father is president meant that I got there quicker, but I would have got there some time even without him." She is also quick to point out that they don't own Cartier, they only run it, are answerable to boards and shareholders like any other managers. Mademoiselle Hocc came into the Cartier orbit when things were not exactly slipping but it would be hard to say that they were flourishing either. Cartier is one of the great blue-chip names in the world and yet since the death of the great genius behind it, Louis Cartier, in 1942, the company had lost its main impetus.

impulse coupled with the Louis Cartier style." She set about finding workshops where craftsmen could be trained to make things with the quality the Cartier image demands.

She also saw that Cartier would have to grow and adapt to modern conditions without throwing out the Cartier style. Their old customers were dying off, new markets would have to be found, new needs met. The way to do this, she decided, was to create new things, using the basic Cartier motifs. For instance, one collection just about to be launched explores the theme of the pointed blue sapphire which, as every Cartier fan knows, is part of the winder on the famous tank-watch. Photographed below, right, is a collection of jewellery based on the equally well-known three-colour gold theme.

Just as the original Louis Cartier had found that even his very rich clients didn't always want to spend a great deal of money but sometimes wanted small items to give away as presents and created his Select line of gifts, so Nathalie Hocc revived the S for Select idea.

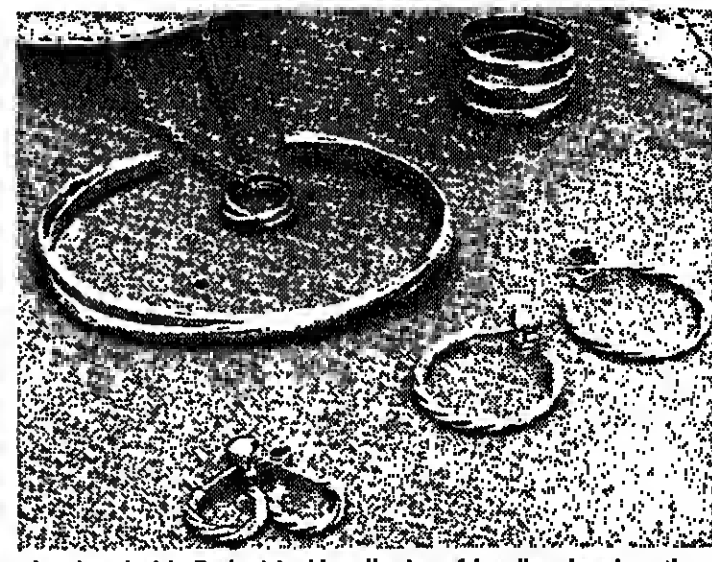
Last year the first of these were launched—a highly successful collection of evening bags, all based on original Cartier designs and a ravishing collection of hair-slides and ornaments.

To capture the market for lighter, prettier, less expensive but still precious jewellery, a collection of delicate, very wearable pieces for young girls was launched in 1973. Prices started at about £135 and mothers could give them to their daughters for a 21st birthday or

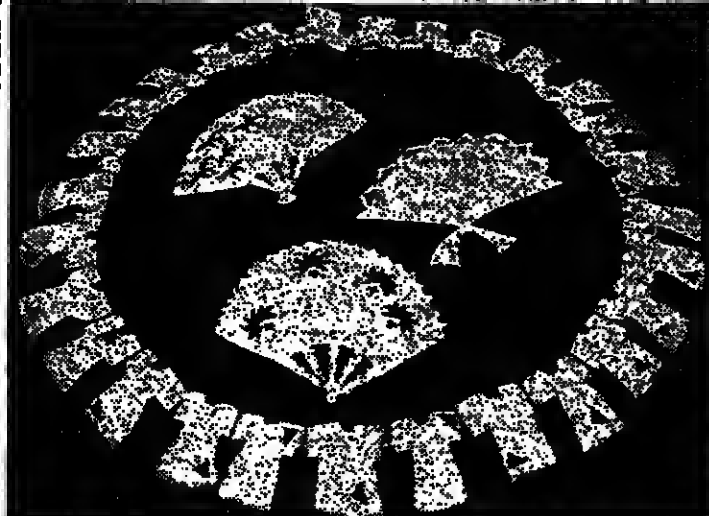


Nathalie Hocc at work in her office in Paris

on marriage, and successful working girls could even think of buying them for themselves. All these moves have proved popular not only with the customers but also with the accountants—in 1972 the turnover of the three shops in New York, London and Paris amounted to about \$13.5m. in 1978 it came to \$140m (and profitability improved even as £60.



A classic example of how Nathalie Hocc has explored some of the original Louis Cartier ideas. The evening bag, photographed above, was designed in 1920, while the one below was part of the new collection of evening bags launched last year. No two bags are alike, all are made from exquisite, often old, materials and designed round the fabric available. A collection of these bags can be seen at the Cartier shop at 175, New Bond Street, London, W.1.



The Argenta Gallery at 82 Fulham Road, London, S.W.3 always has interesting and enterprising young jewellers whose work they exhibit and sell. David Jewell, who runs the gallery, has an impeccable eye so anybody interested in modern jewellery should make a point of visiting the gallery from time to time.

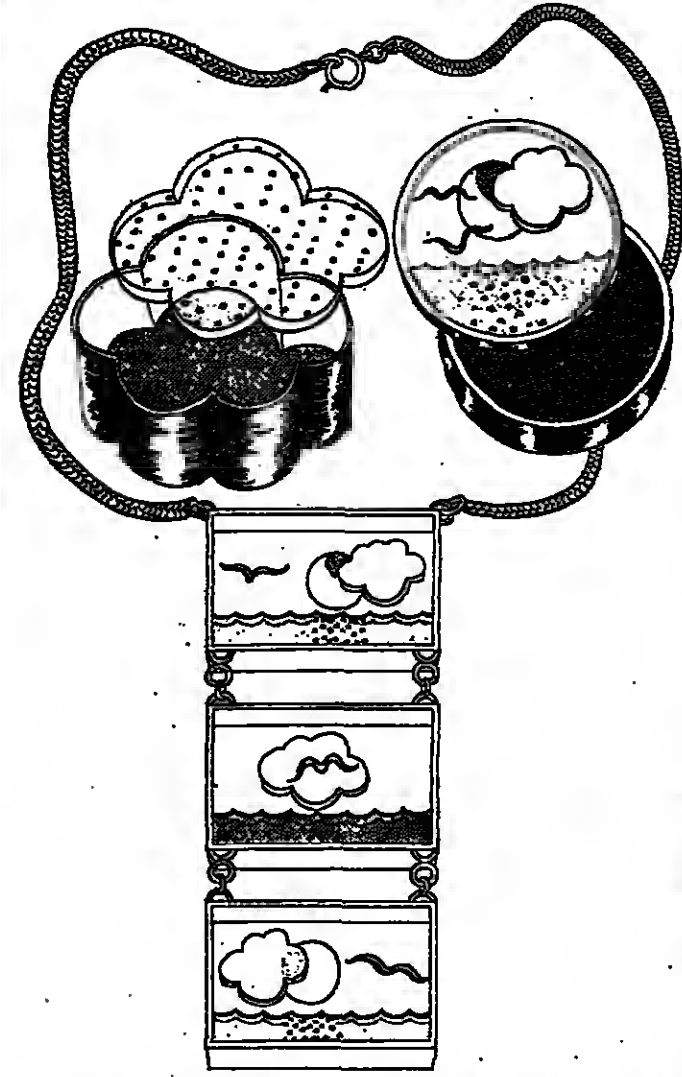
Photographed and sketched here is a selection of work by two young people, Jane Birks and David Goodship. Jane Birks, whose work is photographed above, works in silver which is decorated with polyester resin, while David Goodship uses the silver frames and sheet acrylic.

As David Jewell points out in his learned way, their work is primarily concerned with depicting figurative images but it does,

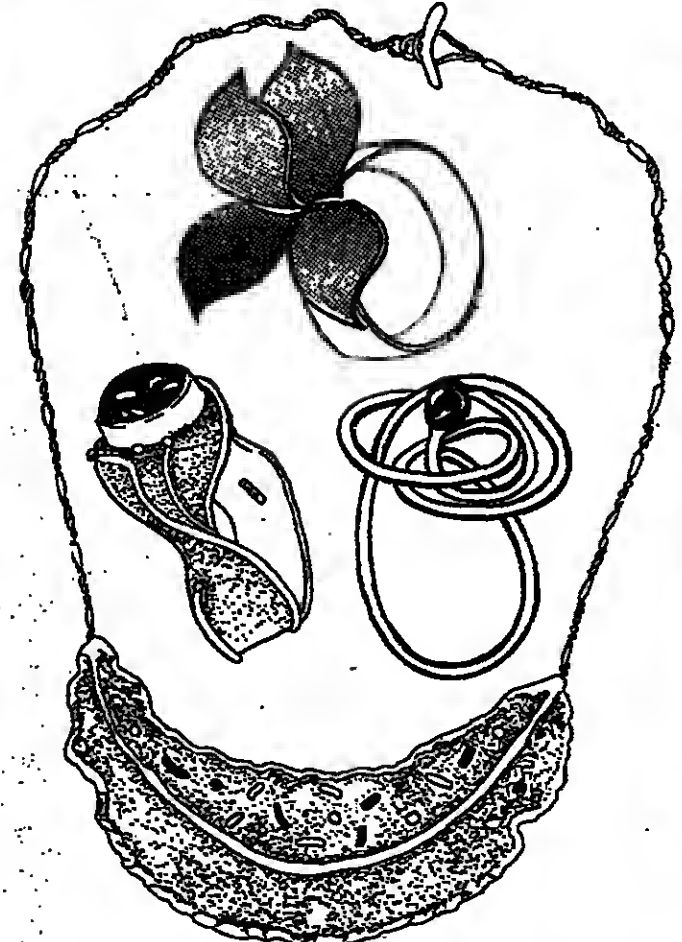
nevertheless, acknowledge the technological accomplishments of recent years. Both avoid romanticism in their choice of materials and in the restrained stylization of their images. Their work is genuinely witty, but with a style and linear severity that prevents it from being merely frivolous or 'throwaway'.

Jane Birks' silver brooches and pendants, are flat, the subject—fans, kites and kimonos—clearly defined. In the photograph you can see clearly how she explores her themes—the kimonos form the necklace (£200), the brooches take the form of fans (£42).

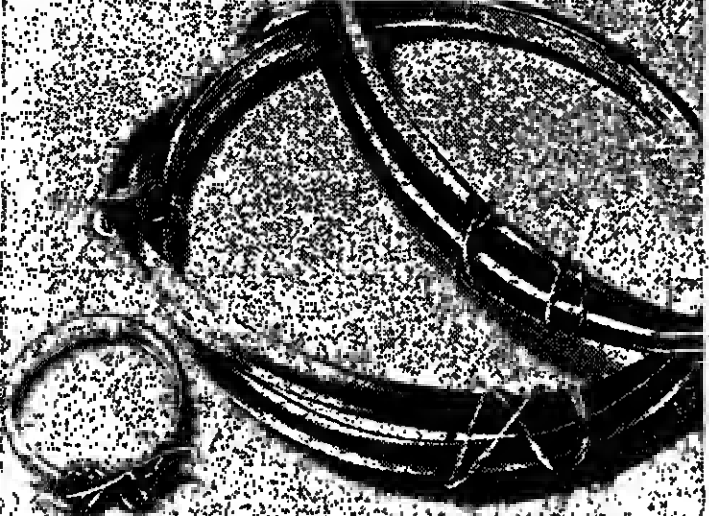
David Goodship's work (sketched right) seems to have an air of great innocence about it. He uses sheet acrylic and builds up layers within a silver



frame to make crisp, almost cartoon-like perspectives that develop as a narrative—see particularly the pendant which has three sea, cloud and sea-



for themselves or somebody else should go along—they can be sure of finding something original and beautiful at prices varying from as little as £7.00 to just on the £100 mark. Photographed, above, are three cut and bound pieces from the Loot exhibition—a bracelet, choker and ring made of oxidised silver and red wire (red wire being unhallmarked gold) by Susan May. The pieces can be bought as a set or separately, £60 for the choker, £50 for the bracelet and £16 for the ring.



Loot is here again—at the Goldsmiths' Hall from Monday July 9 until Saturday, July 28. Readers who have become fans of the annual Loot exhibition will remember that it features the work of jewellers all over the country—there are two conditions for selection: pieces must be approved of by the selectors and must sell for under £100.

Having seen a preview of the exhibits I do not feel it is a vintage year, but there are many lovely pieces and those who want to buy something special, either

for themselves or somebody else should go along—they can be sure of finding something original and beautiful at prices varying from as little as £7.00 to just on the £100 mark.

Photographed, above, are three cut and bound pieces from the Loot exhibition—a bracelet, choker and ring made of oxidised silver and red wire (red wire being unhallmarked gold) by Susan May. The pieces can be bought as a set or separately, £60 for the choker, £50 for the bracelet and £16 for the ring.

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The Casson Gallery at 73 Marylebone High Street, London, W1 is probably best-known for its craft pottery but Pan Henry, who runs the gallery, always has a small selection of jewellery. From a design point of view the jewellery is probably less distinguished than that at the Argenta Gallery but a lot of it is very decorative and eminently wearable. Marian Watson, in particular, whose pendant of silver decorated with 9 carat red and yellow gold pieces is outlined in the drawing, above, has produced an enchanting collection of rings all of which are made

### Postscript

IF YOU'RE travelling either on business or on holiday in the next few months it would be

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ARTS

McIntyre's message

Press reports of a great shake-up along the corridors of Radio 3 have been somewhat exaggerated. That was the message I took away from a briefing from its Controller, Ian McIntyre earlier this week.

RADIO ANTHONY CURTIS

Quite clearly that does not mean that the music content of the network's programme should be in any way diluted or diminished. Mr. McIntyre confirmed this by divulging a number of forthcoming concerts to be broadcast on 3 from the Festival Hall, St. John's Smith Square, Chicago and Hong Kong under such conductors as Rozhdstevsky, Leppard, Mezei and Solti.



Audrey Leybourne, Clive Swift, Aaron Shirely and Tara Soppet

All Together Now

If David Storey had written All Together Now, currently at the Haymarket Theatre, Leicester, instead of Peter Buckman, it would have been acclaimed as a little masterpiece of social analysis.

test piece called "Blenheim," leaving Keith, the boy cornet player, as the only supporter of excellence, until he, too, leaves in a flurry of disappointed anger.

Hippolytus' transfers to the Warehouse

The Royal Shakespeare Company's production of David Rudkin's Hippolytus which premiered at The Other Place last December, opens at the Warehouse on July 18.

Cost at Glyndebourne

Let praise for the Peter Hall production of Cost for suffer, new last year, revived this festival season by Guna Mostart, begin with a list of negatives: There is not a single bit of well-tried Mozart comedy business to the performance.

argues an even more persuasive case for its reinstatement than his predecessor, the full Act I finale, and a complete quota of recitative. The evening is long, never boring, for cast, conductor, and orchestra justify every note.



Alan Titus and Patricia Parker

TV Radio section containing program listings for various channels like BBC 1, BBC 2, and ITV. Includes times and program titles.

Regional sports and news sections for GRANADA, HTV, SCOTTISH, SOUTHERN, TYNE TEES, ULSTER, WESTWALD, and CHANNEL. Includes local news and sports results.

Regional sports and news sections for YORKSHIRE, RADIO 1, RADIO 2, RADIO 3, RADIO 4, and BBC Radio London. Includes local news and sports results.

TV RATINGS w/e July 1. A table listing TV programs and their Nielsen ratings. Includes a 'CHESS SOLUTIONS' section.

WEEKEND CHOICE. A section providing recommendations for Saturday and Sunday viewing, including program titles and times.

ENTERTAINMENT GUIDE. A section listing various theatrical productions, including opera and ballet, with details on cast and venues.

THEATRES. A section listing theatrical productions across different venues, including plays and musicals.

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
Telegrams: Finantime, London FSA. Telex: 856241/2, 853897
Telephone: 01-242 8000

Saturday July 7 1979

Hard facts—wishful words

BY THE END of this week, the markets showed signs of getting back into touch with reality. The Government, however—and ours is not the only one guilty in this respect—seemed to be finding reality a little too hard to bear.

The mortgage affair is not very important in itself, but it does raise important questions. There are far more depositors than borrowers on the books of building societies, but since the average loan is correspondingly much bigger than the average deposit, a rise in rates gives more pain to borrowers than pleasure to savers.

Escapism

What is disturbing is the background implication—the idea that the Government can check inflation by proclaiming a credit squeeze while protecting voters from any very unpleasant consequences.

The Government has adopted a tight-money policy which has resulted in high credit costs and a high value for sterling, and is likely in due course to deflate demand sharply.

Argument

Incidentally, Sir Keith's definition of profit—sufficient revenue to cover interest charges and depreciation—was itself rather question-begging.

academics, between investment analysts, and in our own correspondence columns. A Government which has called for inflation accounts as a basis for company taxation needs a more sophisticated approach to the finances of publicly owned industries.

Any realistic system of accounting would be likely to show, as the latest estimates for gross national product do, that we are now suffering a violent profits squeeze in private as well as nationalised industries.

Bolder

These realities will assert themselves soon enough, however, and so will the realities of the energy situation, which were hardly fully confronted by the assembled world leaders in Tokyo, despite their "historic" decisions.

A cut in consumption is of course only a short-term strategy; for the longer term, the leaders reasserted their faith in substitute sources. If this resolution leads to action, as it did not after the initial price increase in 1973, then the consequences could be large.

Living standards

Some such programme is necessary, but it would not of course provide additional resources for consumption for some years. If the present crisis were effectively confronted it might entail, like a war, a period of enhanced activity but rather austere consumption.

That is the real underlying discomfort, which Mrs. Thatcher faced boldly in Tokyo. The first step in an effective answer to world inflation and energy shortage is a willingness to accept reduced living standards for a while.

THE CHANCES are that in the near future the Government will announce a second phase in the dismantling of British exchange controls to which it committed itself in the Budget. Mr. Denis Healey, the Labour Chancellor, moved with "glacial majesty," Sir Geoffrey Howe became "progressive," and the controls now appear to be melting in the heat of the moment.

The quandary caused by the rise of sterling has led to this unusual haste. It is impossible to assess what the immediate impact on sterling of a relaxation of controls on portfolio investment will be.

Ever since the budget, the prospect of so rapid a development has been causing some consternation in that part of the City concerned with British exports to overseas securities.

Earlier this year the premium price necessary to balance buyers and sellers of currency within this pool was almost 50 per cent. By budget day it was down to 25 per cent.

Smart investors cashed in their premium currency some time before the budget, either by selling their overseas securities or by substituting foreign currency loan facilities to support their overseas portfolios.

Vanguard of outflow

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sterling when and if the portfolio restrictions are lifted: they will be buying back into their foreign securities to pin down their gains or, alternatively, paying off their overseas loans.

Some UK investment managers—either jumping the gun or thinking that the gun will not go off—have started repaying their overseas loans already through the greatly diminished premium.

Inconstant pool

The size of the investment currency pool has not remained constant since its predecessor, "security sterling," was introduced in the early 1950s. It expanded as securities in the dwindling sterling area were deemed to form part of it, and its size has always varied with the market value of the securities held within it.

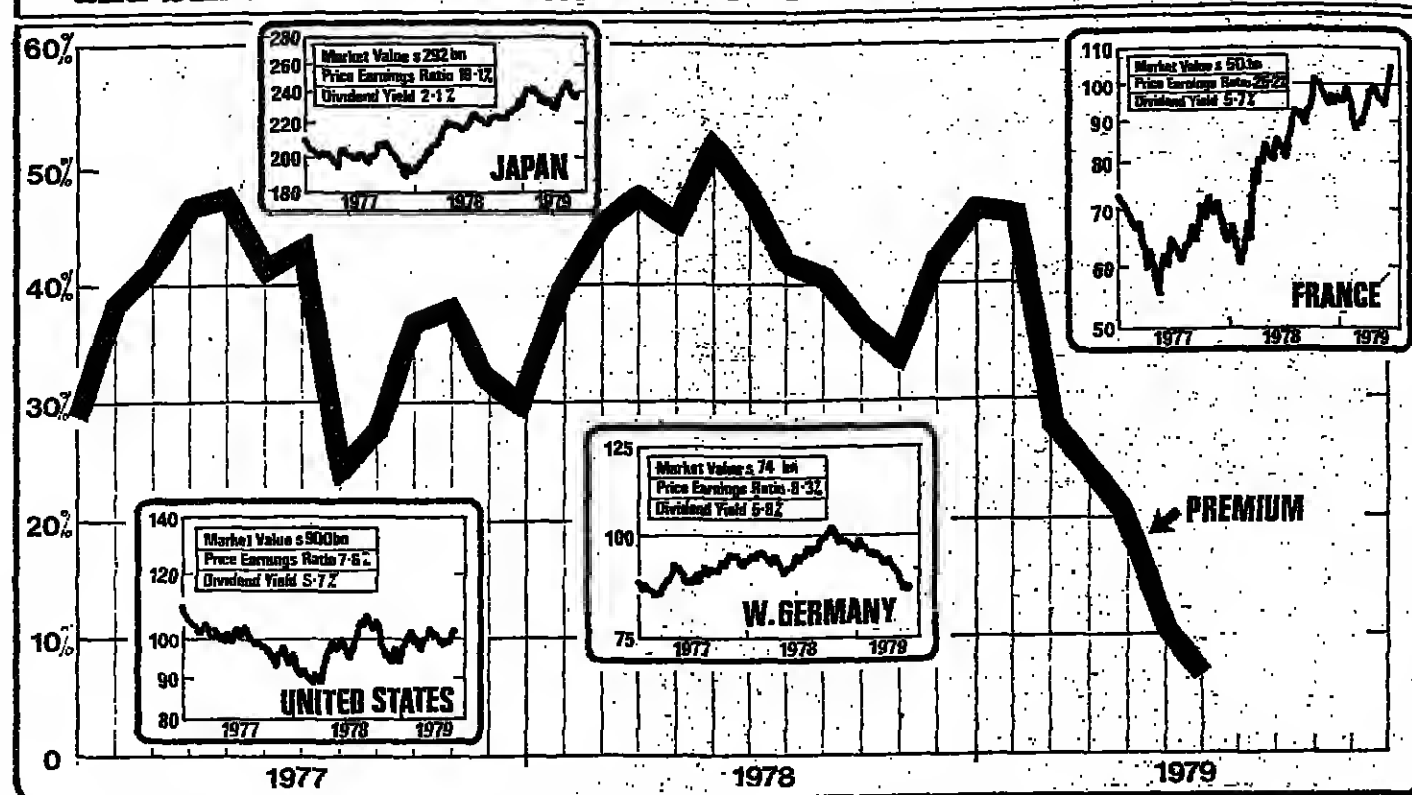
Mounting EEC pressure, culminating in the decision to drop the give-up rule at the start of 1978, made UK investment managers aware that the days of the premium were numbered.

Yet this does not mean that the removal of the premium has already been discounted.

U.S. market pessimism

Fund managers are not straining at the leash to move money abroad, but the majority of them say that the removal of the present disincentives would raise the proportion of their funds they would be willing to hold abroad if foreign markets were more attractive.

EFFECTIVE INVESTMENT CURRENCY PREMIUM and SELECTED OVERSEAS STOCK MARKETS



produced the following observations on the possible consequences.

There is a widespread intention among fund managers to get out of security loans. An extrapolation of Bank of England figures suggests that such loans must now total some £1.2bn—though it is possible that a recent rapid rise has increased this debt further.

After the U.S., the Japanese stock market is the alternative most often cited. Its liquidity and its recent performance are factors here. Even though EEC membership gave the Government its first push towards dismantling exchange controls, European bourses are mentioned as an afterthought.

In summary these soundings suggest that relaxation of portfolio exchange controls will cause certain but not dramatic immediate outflows.

Quite a strong disincentive to the use of this leeway appears to be a pervasive disillusionment with the U.S. stock market. For reasons of history, and because of its unique liquidity, investing abroad appears to be synonymous for a number of fund and portfolio managers.

Pension funds, rather more than insurance companies, seem

to feel restricted in their attitude to overseas investment. First, they have to bear their trustees in mind. Second, they are particularly aware that their ultimate payout must be in sterling.

It is hard to be categorical here, because there is a thriving Eurobond market in the City, outside the Stock Exchange and despite exchange controls.

The longer term effects of the move concern the future of the City as a securities trading centre. The Stock Exchange's contribution to the City's invisible earnings has lagged

far behind that of the banking, insurance and other markets. Alongside the basic cause of Britain's dwindling industrial wealth, portfolio investment controls have undoubtedly hindered the City from being a place where the wealth of other countries has been brought together with other countries' securities.

What will this new freedom amount to? The Treasury and Bank are now silent. It seems probable, however, that the Government will choose to grant additional freedom gradually rather than all at once.

Nostalgia for 1930s

In its evidence to the Wilson Committee the Stock Exchange looked back nostalgically to the 1920s and 1930s when the London "street market" in U.S. and Canadian securities offered the greater freedom to deal than did New York. The Stock Exchange chairman, Mr. Nicholas Goodison, told the committee that "one of the reasons why we have not been able to establish ourselves as one of the biggest inter-

national markets has been exchange controls."

Yet the straw poll suggests that even with exchange controls relaxed this will be a difficult decline to reverse.

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Letters to the Editor

Pressures

From Mr. C. Simeons. Sir—Mr. Baker White's question (June 26) as to why the captains of industry have not cheered the Budget has not been answered.

Meanwhile all the pressures will be towards higher wage settlements unless the captains of industry become very tough indeed.

The increase in VAT has raised the cost of living considerably because the opportunity has been taken to jack up prices at the same time—as any housewife will confirm.

Post From Mr. R. Lovesey. Sir—The Post Office blames the state of its delivery service on shortage of staff. It attributes this shortage to its requirement that its employees should work unsocial hours.

from Slough. I would have been no worse off if the letter had arrived several hours later and the postman been allowed to work more reasonable hours.

Post Office has already told us. If postmen worked more reasonable hours there would not be a shortage of postmen and my letter would have arrived several days earlier.

The other sacred cow of the Post Office is the post code. Even the most ardent supporters of the present situation cannot claim that it has met its promise.

It should be scrapped now before any more money is wasted on it. We should adopt an all number system, instead of the present micro dot converters to read the codes. When they are used, the standard bar code system should be used.

Daylighting From Mr. D. Liss. Sir—Further to Sir Jan Lewando's letter (July 3), the Post Office could quickly and simply institute a lower charge

all development plans had been prepared beforehand. Moreover an excise preference of four old pence a gallon sufficed to ensure its commercial viability.

Coasting From Mr. P. Woolton. Sir—I refer to your article of June 28 which indicated ways of saving fuel, and would suggest that the writer omitted the best way of making large fuel savings at mining cost.

Hurdles From Mr. M. Mitchell. Sir—In your leading article (July 2) you mention that there is a shortage of engineers but little demand for engineering training.

Jersey From Mr. P. Shirley. Sir—How in your survey of the Channel Islands (June 29) could you omit the one company that carries the name in general, and that of Jersey in particular, further afield than any other?

irrelevant burdens, we shall soon run out of engineers altogether, and we shall find unemployed PhDs in small numbers.

Interest From Mr. E. Fronnu. Sir—If the Western countries could bring themselves to act as an entity they could follow one of Switzerland's examples—curtail surplus money deposits and thus reduce the impact of the Organisation of Petroleum Exporting Countries oil increases.

Corporatism From Mr. B. Cole. Sir—I was pleased to see from Mr. Cockman's letter (June 29) that he is aware of the need for more information about the effectiveness of employee share schemes in this country.

Champagne Vintage 1978. A bottle of Krug champagne with a label that reads 'Champagne Vintage 1978' and 'Krug'.

Congratulations to Dan Maskell, the talk of Wimbledon for 30 years.



مكذمان النحل







UK COMPANY NEWS

Independent Newspapers ahead 40% at halfway

PRE-TAX profit of Independent Newspapers, Ireland's largest media group, was 40 per cent higher at a record £1.9m for the half year to June 30, 1979.

DIVIDENDS ANNOUNCED

Table with columns: Company, Date, Current payment, Corri. Total, Total. Includes Carless Capel, Joseph Causton, Eucalyptus Pulp, etc.

opportunities in Ireland and overseas

Independent Newspapers has been putting eggs into a lot of baskets since Mr. Tony O'Reilly acquired control of the group five years ago and the policy has reduced dependence on newspapers.

Ellerman breweries results

TWO brewing subsidiaries of Ellerman Lines have announced results for 1978. J. W. Cameron and Co. increased profits by about £900,000, but Tollemeche and Cobbold Breweries saw the surplus decline slightly on a yearly basis.

Advance to £1.1m for UK Property

TAXABLE PROFITS of United Kingdom Property Company advanced from £874,000 to £1.13m in the year to March 31, 1979 after being ahead from £238,000 to £277,000 at midway.

Porvair loss at midterm

EXTERNAL strikes hit Porvair in the six months to April 30, 1979, and the manufacturer of microporous synthetic materials turned in a loss of £39,000, compared with a £230,000 profit last time. Turnover slipped from £2.92m to £2.61m.

Saint Piran appointment

Mr. Malcolm Stone, managing director of Gasco Investments, the Hong Kong company controlled by Mr. James Raper, is joining the Board of Saint Piran.

INT. TIMBER RIGHTS RESULT

International Timber Corporation announces that, of the 7,557,761 new ordinary shares issued through the rights issue, 4,628,334 (60.4 per cent) were taken up.

MINING NEWS

MMC-Kelantan agreement

AN agreement has been signed between the major tin group, Malaysian Mining Corporation (MMC), and Kelantan State for a 51 per cent State participation, which will be formed to exploit them.

BIDS AND DEALS Pawson emerges with £3m offer for Silhouette

W. L. Pawson, the fast-growing clothing group, has emerged as the bidder for Silhouette (London) which makes a range of swimwear and underwear.

James Gulliver Assoc. buys 10% stake in distiller group

James Gulliver Associates, the investment company headed by Mr. James Gulliver, is buying a 10.26 per cent stake in Amalgamated Distilled Products, the whisky distiller and beer bottler, in a deal worth £750,000.

DOVY GROUP ACQUISITION

Dovy Group has acquired Decoto Aircraft, of Yakinia, Washington State, U.S.

BOC ferroalloy disposals completed in part

Airco Incorporated, the wholly-owned subsidiary of BOC International, has completed part of the sale of its ferroalloy business.

VIEW FORTH

View Forth Investment Trust has declared two dividends to be paid on August 1, the day before the directors hope the trust will be amalgamated with Crescent Reserves Fund unit trust.

THARSIS SULPHUR

The transfer of mining and industrial assets and relative liabilities of Tharsis Sulphur and Copper to its wholly owned Spanish subsidiary, has formally taken place.

Quilter Hilton new unit

The Quilter Hilton Goodson stockholding firm is launching a new unit trust to invest worldwide.

PARKER KNOLL

Parker Knoll has become a close company within the meaning of the Finance Acts, the directors have announced.

NO PROBE

Secretary of State for Trade has decided not to refer the acquisition by H. J. Helix Company of Country Kitchen Foods to the Monopolies and Mergers Commission.

BRITISH TISSUE SALE TALKS BROKEN OFF

NEGOTIATIONS about the possible sale of British Tissues to Stirling Incorporated, of California were finally broken off yesterday.

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Evode family rejects £9.7m

A PROPOSED £9.7m offer for Evode Holdings, the manufacturer of adhesives, and a joining company including the products will not now be made because the family with a controlling interest rejected it.

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Midland's U.S. offer endorsed

Walter E. Heller International Corporation and Midland have endorsed Midland's proposed acquisition of Heller.

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Regalian Properties first half headway

PROFITS before tax of Regalian Properties were up from £37,307 to £43,313 in the six months ended March 31, 1979. Turnover amounted to £655,593 against £469,451.

Dollar Land still waiting for outcome of U.S. litigation

SHAREHOLDERS IN Dollar Land Holdings expecting a final settlement in the litigation surrounding the sale of U.S. properties still have a long wait ahead of them, according to Mr. Hugh Brackett, the chairman.

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Results due next week

Table with columns: Company, Announcement date, Dividend (p), Last year, Final, Int. Includes Auris Industries, Barker & Robinson Group, etc.

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RESULTS AND ACCOUNTS IN BRIEF

BURNETT AND HALLSHAM HOLDINGS (Incorporated in England) - Results for March 31, 1979 reported on June 21. Fixed assets £5.2m, net current assets £3.2m, increase in bank balances and cash £1.05m.

RESULTS AND ACCOUNTS IN BRIEF

HARGREAVES GROUP - Results for March 31, 1979 reported on June 22. Fixed assets, £16.26m, net current assets, £9.1m, increase in bank balances and cash £1.05m.



APPOINTMENTS

Rockware Glass decentralises

ROCKWARE GLASS, the main subsidiary company within the Rockware Group, is to decentralise its operations to its factories. Each factory will have a management executive responsible to the board. The head office remains in Northampton...

W. H. SMITH DO IT ALL CENTRES the holdings company of LCP Homecentres from July 30. He will be based in the West Midlands. In 1970 Mr. Lingard joined Associated Dairies (ASDA), where he was non-food director for seven years before joining Hillards. He will remain as non-executive director of that company...

W. CANNING has made the following appointments within its subsidiaries: Mr. Mike Davis becomes managing director - Hiv-Brown Electronics. Mr. Nicholas Ford is made director and general manager of Copal Foundries in succession to Mr. A. R. Ford who has retired as managing director. Dr. Malcolm Day is appointed director and general manager of John Betts Refiners. Mr. Albert Trapp becomes a director of John Betts Refiners.

Mr. H. Alan Thomas, regional officer for Wales of the Central Council for Agricultural and Horticultural Co-operation, has been appointed director of the WELSH AGRICULTURAL ORGANISATION SOCIETY. He succeeds Mr. Elwyn B. Thomas who is retiring on health grounds but remains a part-time consultant.

Mr. P. W. Sharman, chief general manager and director of the Norwich Insurance Group, has been appointed director of NORWICH WINTERBURN HOLDINGS. He replaces Mr. C. H. Moore who has retired from Norwich Union. Mr. Moore has resigned as chairman of the Parcels and General Assurances Association, a subsidiary of the Norwich Winterburn Group, and Mr. J. C. S. Leggett has been appointed his successor.

Mr. John McGhee has been appointed managing director of GAFFNEY CLINE AND ASSOCIATES, petroleum advisers. He has been on the board since 1974. Mr. David Eastham, senior partner of stockbrokers Joseph Sebag and Co., is joining the London board of the BANQUE OCCIDENTALE POUR L'INDUSTRIE TRIBALE COMMERCE at the end of September.

Mr. R. Johnson and Mr. D. T. Sayers have been appointed directors of ALEXANDER HOWDEN INSURANCE BROKERS.

Mr. David Frost has been appointed a director of CAPPER NEILL INTERNATIONAL. He will be responsible for the company's technical and engineering functions.

Mr. F. Lamp, marketing director (export) of Dowty Mining Equipment, additionally has been appointed technical marketing director of the DOWTY GROUP'S mining division.

Mr. T. Barry Lingard, non-food director of Hillards Supermarket, is appointed managing director of W. H. SMITH DO IT ALL CENTRES.

Mr. Les Rosenthal has been appointed non-foods controller of HILLARDS' SUPERMARKETS from July 28. Mr. Michael Thepfer has been appointed general director of EGUSTEAD. He was previously financial controller.

Mr. C. J. Davison has been appointed managing director of DON INTERNATIONAL. He succeeds Mr. P. Osborne who has resigned from the company. Mr. John L. Leach has been appointed a director of MYSON GROUP.

WILLIAM LEE MALLEABLE has made the following appointments: Mr. Albert Newman becomes director and general manager. Mr. Roger Hunt has been made a director and foundry manager. Mr. Randolph Coward has been appointed company secretary and chief accountant. William Lee is a member of the Farmac Group.

Mr. Bryan Wakeham is to become managing director of LESLIE AND GODWIN MARINE to expand the marine insurance broking activities. Mr. Philip Bowers has been appointed construction director for TOTTY BUILDING GROUP.

Mr. Kenneth Watson, director of the MCGILL INSURANCE GROUP. Mr. James Edward A. R. Guinness, a public works loan commissioner, and deputy chairman of the Board, has been appointed chairman of the PUBLIC WORKS LOANS BOARD in succession to Sir Bernard Wakeham, whose term of office expired.

Mr. William R. Harman, a commissioner, has been appointed deputy chairman of the board. Mr. Wilfred Rowdell, re-appointed a commissioner on the expiry of his term of office. Mr. Hugh Price, is appointed a commissioner in succession to Mr. Sydney F. Touge, whose term of office has expired. Mr. Graham R. Russell, is appointed a commissioner to fill the commissioner vacancy caused by Sir Bernard's retirement.

Mr. James Benjamin Hobbs and Mr. Benjamin Weston Wells have been appointed vice-presidents of MOSELEY, HALLGARTEN, ESTABROOK AND WEEDEN INC., member New York Stock Exchange. Mr. Donald V. Newbold, chairman of Foster Wheeler Power Products, has become chairman of FOSTER WHEELER, Reading. Mr. Henry Dudek continues with Foster Wheeler as managing director.

Mr. David Greenwood, managing director, Coral Bingo and Social Clubs, has been appointed an associate director of CORAL LEISURE GROUP.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Scottish and Newcastle Breweries announced an agreed 199p cash per share bid for wine merchants Gough Brothers. Irrevocable acceptances have been given in respect of 33 per cent of Gough's issued share capital owned by directors, their families and related trusts. S and N is offering an alternative of 11 of its shares for every six in Gough with a limit of 3m on the number of S and N new shares to be issued. Gough's off licences, all situated in the South of England, will increase S and N's penetration in the South by providing outlets for its beers and spirits.

Shalley Securities, 90 per cent owned by the family trusts of Mr. Frank Sanderson, a former chairman of Bovis, made an agreed cash offer of 182p per share for printers and house developers Finlas Holdings. The latter's listing on the Stock Exchange is to disappear.

Brewers and hoteliers Bass increased its number of hotels in Holland from three to thirteen in a £16m deal.

Specialist brick producer Istocok Johnsen exchanged contracts to buy 68 per cent of quality brick manufacturer Glen-Gery Corporation of Pennsylvania and made a \$16 per share bid for the remainder. Istocok plans to ask shareholders to fund half the \$21m (£9.6m) purchase price.

Conditional contracts were exchanged for the acquisition by Parker Knoll of velvets weaver K. Raymakers and Sons for £2.7m in cash and shares.

Dealings in Evede Holdings and Burnett and Hailamshire were halted pending announcements.

Table with 5 columns: Company bid for, Value of bid per share, Market price, Value before bid, Final Acc'tice date. Includes ACE Machinery, Allen (Edgar), John Bright, Farm Food, Finlas, Gough Bros, Hardy & Co., Hardy & Co., James (J.).

Table with 5 columns: Company bid for, Value of bid per share, Market price, Value before bid, Final Acc'tice date. Includes Jenks & Cattell, Knott Mill, Lebus (Harris), Sekong Rubber, Sheepbridge Eng., Silhouette 'A', Silhouette 'B', Wellman Eng.

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. \*\* Based on 6/7/79. †† At suspension. ††† Estimated. †††† Shares and cash. ††††† Unconditional.

INTERIM STATEMENTS

Table with 5 columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends per share (p), Final Acc'tice date. Includes Asso. Fisheries, Bath & Portland, Bett Bros, Birmingham, CGBS, Glasfield Lwrcna, Gough Cooper, Lineract Kilgour, SGB Group, Sotheby Park B.

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated. \* Adjusted for any intervening scrip issue. † Profit attributable. L.Loss.

Offers for sale, placings and introductions

Sunderland and South Shields Water Company: Offer for sale of £2m 8 per cent redeemable preference stock 1986 at 98p per cent. Wrexham and East Denbysire Water Company: Offer for sale of £2m 5 per cent redeemable preference stock 1984 at 98p per cent.

PRELIMINARY RESULTS

Table with 6 columns: Company, Year to, Pre-tax profit (£000), Earnings per share, Dividends per share. Includes Bassett (Geo.), Broughton Hdggs., Burtonwood Brew., Caird (Dumec), Celestion Inds., Charter Coos., Colmore Invs., Courts (Fmshra.), Electrocard Bnlds., Eng. Card Cithng., GEC, Greeco King, Hendara-Kenton, Heywood Williams, Humphries Hdggs., IC Gas, LMI, Mercury Secs., Monk (A.), Phillips Patents, Rexmore, Rempner, Ridge Egn. Paul, Russell Bros., Scot. & Newcastle, Shaw Carpets, Scottish Speakm., Tex Abrasives, Toothill (R.W.), Waddington (J.).

Scrip Issues

Conrts (Furnishers): One for two. Rexmore: One for ten. Shaw Carpets: One for one.

Rights Issues

Style Shoes: One-for-five at 108p raising £1.88m†. † Approximate figure before expenses.

Price Waterhouse partners

PRICE WATERHOUSE AND CO. announce the retirement of Mr. Fred Chapman and Mr. Tony Cherry, and the admission to partnership of Mr. Robert Gualack, Mr. Tom Hedderston, Mr. Geoffrey Johnson and Mr. Richard Wyber, resident in London; Mr. Roger Jones in Birmingham; Mr. Ian Dewar in Glasgow; Mr. Chris Packham in Leicester; Mr. John Barnsley in Newcastle; Mr. Derek Trendell in Nottingham. Mr. Pat Klerman, resident in London, Mr. Roy Evans in Birmingham and Mr. David Hancock in Leeds have been appointed directors of the management consultancy services company Price Waterhouse Associates.

Mr. Harold A. McCleery will transfer to the London branch of the CHEMICAL BANK to head the corporate banking group. A vice-president, Mr. McCleery has been working with corporate customers at Chemical's Tokyo branch for the past three years. He replaces Mr. Robert Sadler, vice-president, who was reassigned to New York to take charge of a newly formed international commodity and agricultural division.

Mr. K. H. G. Williams has resigned from the Board of COUGH COOPER for health reasons. Mr. Jonathan Kitchen will be leaving the PANEL ON TAKE-OVERS AND MERGERS at the end of September on completion of his term of secondment as secretary. He will be joining LEZARD BROTHERS AND CO.

Mr. John C. Emery, Jr., chairman and president of Emery Air Freight Corporation, has been elected to the board of HARTFORD NATIONAL BANK AND TRUST COMPANY, the main subsidiary of Hartford National Corporation, based in Hartford, Connecticut. Mr. J. O'Connell has been appointed a director of R. P. MARTIN LEASING. Mr. Jorge L. Blanco has been appointed vice-president of operations for the AMAX nickel division. He retains his responsibilities as general manager of Amax Nickel Refining Company Inc., a wholly-owned subsidiary of Amax Inc., which he assumed in 1978.

Mr. David Ensor has joined DATA RECALL as marketing director. In this newly created position he will be one of four executive directors of the company. Following the retirement from the PORT OF LONDON AUTHORITY (PLA) of Mr. Peter Hughes, director of real estate and legal adviser, and the impending retirement of Mr. N. B. Ordman, executive director (planning and development) the following management changes have been made: Mr. J. C. Jenkinson, secretary, Thames Board, director of development and Secretary, responsible for real estate, the secretariat, and the computer and management services. On Mr. Ordman's retirement he will assume responsibility for corporate planning and development and will become chairman of PLACON, the PLA consulting subsidiary. Mr. P. J. Bennett, managing director of Comlear Terminal, will become director of marketing and a chief officer responsible for marketing and external affairs. Sir Robert Gillett, a member of the PLA Board, will become chairman of the Comprehensive Shipping Group, a PLA subsidiary. Mr. J. D. Freland, PLA executive vice-chairman, will become chairman of the PLA subsidiary, Riverside, London.

Mr. Peter Matthews and Mr. R. A. G. Neville have been elected to the Boards of SUN ALLIANCE and LONDON INSURANCE and its principal subsidiaries. Sir Peter is managing director and chief executive of Vickers and Mr. Neville is a general manager of Sun Alliance. Mr. Richard Zimmera has been appointed a director of marketing and sales for MOBILE PLASTICS EUROPE INC.

Thames Board Mills

THAMES BOARD MILLS has re-structured its board-making operations into three operating divisions. This re-organisation will be spread over three years with the first phase - the establishment of the operating divisions - effective from July 1. The following Board appointments have been made: Dr. S. W. Kingsnorth, operations director, Thames Board, Worthington. With responsibility for the Worthington division including the major expansion project of a new £83m cartboard machine at the Worthington Mill, Mr. F. L. Parry, operations director, Purfleet, Board, Worthington, will be responsible for the Warrington division and the sales and marketing of cartboards, and a functional responsibility for marketing throughout the company. Mr. P. L. Whiting, operations director, Thames Board, Purfleet, will be responsible for the Purfleet division including the sales and marketing of unlined grades and case materials and also Group purchasing. Mr. D. W. A. Smith, personnel director, Mr. A. G. S. Hart, financial director.

Mr. Peter Matthews and Mr. R. A. G. Neville have been elected to the Boards of SUN ALLIANCE and LONDON INSURANCE and its principal subsidiaries. Sir Peter is managing director and chief executive of Vickers and Mr. Neville is a general manager of Sun Alliance. Mr. Richard Zimmera has been appointed a director of marketing and sales for MOBILE PLASTICS EUROPE INC.

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MINERS DIE IN EARTH TREMOR

An earth tremor has caused the deaths of two miners and left two others missing at the Rand Mines group's East Rand Proprietary gold mine near Johannesburg.

Rescuers are searching for the missing men - 3,500 ft below surface - after the rockfalls caused by the tremor which was felt as far north as Pretoria, 40 miles away.

GOPONG OUTPUT

Among the June tin concentrate outputs shown in the accompanying table, that of Gopeng brings the Eastern producer's total for the last nine months to 1,441½ tonnes. This compares with 1,247½ tonnes in the same period of 1977-78.

Table with 4 columns: Location, June, July, August. Includes Gopeng, Kluang, Pangkajene.

GLC plans course on new businesses

GREATER LONDON COUNCIL plans a course to teach and encourage businessmen to set up enterprises. The plan, which follows similar successful courses at Manchester Business School, will involve the London Enterprise Agency, the London Region Management Centre and the Central London Polytechnic.

Radioactive fallout down

LEVELS OF long-lived radioactive fallout in the atmosphere have declined steadily since a peak in the early 1960s, says an Atomic Energy Authority report published today.

The report notes a slight increase in long-lived products was detected in 1978 as a result of the Chinese high-yield nuclear weapons test of 1976, but levels are now only 2 per cent of those reached in 1963-64.

EDGAR ALLEN, BALFOUR HAS A STRONG INDEPENDENT FUTURE. Aurora is attempting to buy EAB at the low point of its fortunes and before the full benefits of its reorganisation and investment in plant and technology, particularly in the special steels business, can come through. Even at this early stage in the current financial year ending 29th March, 1980, the EAB Board is prepared to forecast profits before tax of not less than £1.5 million and on this basis to recommend ordinary dividends of 2p net per share. After 6 months of its current financial year Aurora has given no profit forecast. Aurora's cash offer of approximately £13.8 million is worth only about 60 per cent of EAB's net asset value of £22.7 million. EAB is convinced that Aurora's commercial logic is misconceived and the bid, if successful, would result in increased import penetration of the U.K. market for high speed steel. The Board of EAB believes that the Aurora offer is inadequate and misconceived. EAB SHAREHOLDERS ARE STRONGLY RECOMMENDED TO REJECT THE AURORA BID AND KEEP EAB INDEPENDENT. The Directors of Edgar Allen, Balfour Limited have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and jointly and severally accept responsibility accordingly.

MINERS DIE IN EARTH TREMOR. An earth tremor has caused the deaths of two miners and left two others missing at the Rand Mines group's East Rand Proprietary gold mine near Johannesburg. Rescuers are searching for the missing men - 3,500 ft below surface - after the rockfalls caused by the tremor which was felt as far north as Pretoria, 40 miles away. GOPONG OUTPUT. Among the June tin concentrate outputs shown in the accompanying table, that of Gopeng brings the Eastern producer's total for the last nine months to 1,441½ tonnes. This compares with 1,247½ tonnes in the same period of 1977-78. GLC plans course on new businesses. GREATER LONDON COUNCIL plans a course to teach and encourage businessmen to set up enterprises. The plan, which follows similar successful courses at Manchester Business School, will involve the London Enterprise Agency, the London Region Management Centre and the Central London Polytechnic. Radioactive fallout down. LEVELS OF long-lived radioactive fallout in the atmosphere have declined steadily since a peak in the early 1960s, says an Atomic Energy Authority report published today. The report notes a slight increase in long-lived products was detected in 1978 as a result of the Chinese high-yield nuclear weapons test of 1976, but levels are now only 2 per cent of those reached in 1963-64.

Lindustries INDUSTRIAL HOLDING COMPANY WITH INTERESTS IN THE UK AND OVERSEAS MAINLY IN ENGINEERING, RUBBER, PLASTIC AND THREAD PRODUCTS. Group Results for the financial year ended 31 March 1979. 1979 1978. Sales 100,222 88,403 + 13%. Exports 19,038 14,698 + 29%. Profit before tax 7,242 6,833 + 6%. Profit after tax 5,272 4,814 + 10%. Assets employed 43,821 42,038 + 4%. Per 25p ordinary share. Earnings 28.5p 24.4p + 9%. Dividend 9.9p 9.0p + 10%. Dividend cover 2.7 2.7. Asset value 189.5p 179.2p + 6%. The Annual General Meeting will be held at The Dorchester, Park Lane, London W1 on 31 July 1979. Engineering. Heaters and air conditioners for motor vehicles, equipment for military and off-highway vehicles, bulk handling equipment for the mining industry, metal forming equipment, braking equipment, electrical elements and heaters, office machinery. Sales: £45,772,000 Profits: £3,253,000. Rubber and Plastic. Rubber gaskets, rings, hose pipes, anti-pollution booms, sponge shafting, mouldings, wet suit material, rubber bands, plastic ties, plastic pourers and dispensers, medical and surgical products. Sales: £17,634,000 Profits: £954,000. Thread. Natural and synthetic threads, twines and braids; yarns, ropes, narrow fabrics. Sales: £21,343,000 Profits: £1,319,000. Overseas Operations. Fish nets, ropes and twines, marine hardware, threads, canvas goods. Sales: £15,479,000 Profits: £1,789,000. Copies of the 1979 Report and Accounts can be obtained from Lindustries Ltd., Trevor House, 100 Brompton Road, London SW3 1EL.



Wall St. up 10 on energy hopes

INVESTMENT DOLLAR PREMIUM... SHARPLY HIGHER levels developed in late trading on Wall Street yesterday...

Domestic Bonds active, with Public Authority Loans firming up to 15 p.m. Budesbank sold nominal Dm 25.5m of six...

"Heavy" Electricals, Ship-buildings and Steels fell on liquidations and profit-taking. Mitsubishi Electric off 7 1/2...

PARIS—Market eased in fairly active trading. Trend provoked by worries of possible slowdown in economic growth due to oil price rises...

NEW YORK Stock July 6 July 7... Control Data 48 39 1/2... Johnson Johnson 54 54... American Express 54 54... IBM 121 121 1/2...

The Dow Jones Industrial Average shot up 10.41 to 846.15, making a net rise of 4.18 on the holiday-shortened week...

Trading in Studebaker-Worthington was halted until after a board meeting July 9. It rose more than 50¢ on Thursday...

JOHANNESBURG—Gold shares gained up to R1.25 reflecting record bullion sales. EPM was up 40 cents to R11.50...

BRUSSELS—Market to mostly lower in quiet trading. Hoboken rose 1/2 to 2705 on its profits.

Indices NEW YORK - DOW JONES

Table with columns for July 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Rows include Industrial, Transport, Utilities, and Composite.

INDICES

Table with columns for July 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Rows include Australia, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Singapore, Spain, Sweden, Switzerland, and UK.

CANADA

Table with columns for July 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31. Rows include various Canadian companies like Alcan, Inco, and Bell Canada.

F.T. CROSSWORD PUZZLE No. 4015

A prize of £5 will be given to each of the senders of the first three correct solutions. Solutions must be received by next Thursday...

Name Address

Swiss Maid hard to beat in Eclipse. NO FILLY has landed the Eclipse Stakes in over 20 years and it will be fascinating to see if Swiss Maid can strike an overdue blow for her sex...

FRIDAY'S ACTIVE STOCKS

Table listing active stocks and their prices, including CIT Financial, Phillips 66, and Texaco.

RACING BY DOMINIC WIGAN

Swiss Maid hard to beat in Eclipse

is likely that the four-year-old will be completing a double for her rider. Earlier in the afternoon Jawsed, a chestnut Rajjo Babe colt trained by Jeremy Tabe...

GERMANY AUSTRALIA PARIS STOCKHOLM COPENHAGEN AMSTERDAM VIENNA JOHANNESBURG

Large table of international stock market data for Germany, Australia, Paris, Stockholm, Copenhagen, Amsterdam, Vienna, and Johannesburg, including prices and changes.

ACROSS

- 1 Premier joiner (7, 5) 6 Jack found in body of church they say (5) 7 Respondent producing nuclear power (7) 8 Strike over sweet Yorkshire (8, 7) 9 Old-style transport obtained for very little (5, 8) 10 Another bus consumed with 6 100 per cent record (8) 11 Copier writes about maker (10) 12 In favour of female academic chairman briefly (4) 13 Part of noun commonly regarded as unusual in Scotland (4) 14 Keep away from beast on plain (5, 5) 15 Yorkshire Jolk a Leeds man worried (8) 16 Flag hospital sign in race (5) 17 More inquisitive about one making more din (7) 18 Football club always leading fashion (7) 19 It supplies power in a flash (5, 7)

DOWN

- 2 A divine newswoman in the saddle made sense (5, 2) 3 Every one alternative part away from the coast (8) 4 Noble listener on the left (4) 5 Dodger making mother stay with some hesitation (10)

SOLUTION AND WINNERS OF PUZZLE No. 4009. Following are winners of last Saturday's prize puzzle: Mr. W. Quayle, Thorny Lodge, Thorny Road, Douglas L.O.M. Mr. A. Ryan, 47 Weymans Avenue, Bournemouth. Mr. W. C. Wilkes, 47 York Avenue, Wolverhampton WV3 9BX.



















AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Alliance Unit Trust, and others, including their managers and performance data.

Table listing insurance and property bonds, including companies like Abbey Life Assurance, Alliance Assurance, and others.

Table listing offshore and overseas funds, including companies like Alexander Fund, Allen & Ross Inv. Mgt., and others.

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INSURANCE AND PROPERTY BONDS

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FT SHARE INFORMATION SERVICE

Managers of Commercial Property Knight Frank & Rutley

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield.

Shorts (Lives up to Five Years)

Table of Short-term investments with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of Medium-term investments with columns for Name, Price, and Yield.

Over Fifteen Years

Table of Long-term investments with columns for Name, Price, and Yield.

Undated

Table of Undated investments with columns for Name, Price, and Yield.

INTERNATIONAL BANK CORPORATION

Table for International Bank Corporation with columns for Name, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table for Commonwealth & African Loans with columns for Name, Price, and Yield.

LOANS

Table for Loans with columns for Name, Price, and Yield.

Financial

Table for Financial with columns for Name, Price, and Yield.

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FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals & Plastics with columns for Name, Price, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, and Yield.

AMERICANS

Table of American stocks with columns for Name, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines & Spirits with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery & Stores with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels & Caterers with columns for Name, Price, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber & Roads with columns for Name, Price, and Yield.

ELECTRICAL AND RADIO

Table of Electrical & Radio with columns for Name, Price, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrial (Miscellaneous) with columns for Name, Price, and Yield.

FOOD, GROCERIES—Cont.

Table of Food & Groceries with columns for Name, Price, and Yield.

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

Advertisement for Knight Frank & Rutley, featuring a logo and the text 'Planning and Compensation'.

MINES—Continued

AUSTRALIAN

Table listing Australian mining companies with columns for Stock, Price, and Dividend.

TINS

Table listing tin companies with columns for Stock, Price, and Dividend.

COPPER

Table listing copper companies with columns for Stock, Price, and Dividend.

MISCELLANEOUS

Table listing miscellaneous companies with columns for Stock, Price, and Dividend.

GOLDS EX-SUPREMIUM

Table listing gold companies with columns for Stock, Price, and Dividend.

NOTES

Text providing details and notes regarding the listed securities.

Main table for INDUSTRIALS—Continued, listing various industrial companies and their financial data.

Main table for INSURANCE—Continued, listing various insurance companies and their financial data.

Main table for PROPERTY—Continued, listing various property-related companies and their financial data.

Main table for INVESTMENT TRUSTS—Cont., listing various investment trusts and their financial data.

Main table for FINANCE, LAND—Continued, listing various finance and land-related companies and their financial data.

LEISURE

Table listing leisure companies with columns for Stock, Price, and Dividend.

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Table listing motor and cycle companies with columns for Stock, Price, and Dividend.

Commercial Vehicles

Table listing commercial vehicle companies with columns for Stock, Price, and Dividend.

Components

Table listing component companies with columns for Stock, Price, and Dividend.

Garages and Distributors

Table listing garage and distributor companies with columns for Stock, Price, and Dividend.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies with columns for Stock, Price, and Dividend.

PAPER, PRINTING ADVERTISING

Table listing paper, printing, and advertising companies with columns for Stock, Price, and Dividend.

SHIPPING

Table listing shipping companies with columns for Stock, Price, and Dividend.

SHOES AND LEATHER

Table listing shoe and leather companies with columns for Stock, Price, and Dividend.

SOUTH AFRICANS

Table listing South African companies with columns for Stock, Price, and Dividend.

TEXTILES

Table listing textile companies with columns for Stock, Price, and Dividend.

TOBACCO

Table listing tobacco companies with columns for Stock, Price, and Dividend.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies with columns for Stock, Price, and Dividend.

PROPERTY

Table listing property companies with columns for Stock, Price, and Dividend.

INSURANCE

Table listing insurance companies with columns for Stock, Price, and Dividend.

OILS

Table listing oil companies with columns for Stock, Price, and Dividend.

OVERSEAS TRADERS

Table listing overseas trader companies with columns for Stock, Price, and Dividend.

RUBBERS AND SISALS

Table listing rubber and sisal companies with columns for Stock, Price, and Dividend.

TEAS

Table listing tea companies with columns for Stock, Price, and Dividend.

INDIA AND BANGLADESH

Table listing India and Bangladesh companies with columns for Stock, Price, and Dividend.

Sri Lanka

Table listing Sri Lanka companies with columns for Stock, Price, and Dividend.

Africa

Table listing African companies with columns for Stock, Price, and Dividend.

MINES

Table listing mining companies with columns for Stock, Price, and Dividend.

CENTRAL RAND

Table listing Central Rand companies with columns for Stock, Price, and Dividend.

EASTERN RAND

Table listing Eastern Rand companies with columns for Stock, Price, and Dividend.

FAR WEST RAND

Table listing Far West Rand companies with columns for Stock, Price, and Dividend.

O.F.S.

Table listing O.F.S. companies with columns for Stock, Price, and Dividend.

FINANCE

Table listing finance companies with columns for Stock, Price, and Dividend.

REGIONAL MARKETS

Table listing regional market data with columns for Stock, Price, and Dividend.

OPTIONS

3-month Call Rates

Table listing 3-month call rates with columns for Stock, Price, and Dividend.

CENTRAL AFRICAN

Table listing Central African companies with columns for Stock, Price, and Dividend.



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If you care about the  
**EXTINCTION OF WHALES**  
Support the Protest Rally  
Trafalgar Square, Sunday, 8th July, 2.30 pm.



### MAN OF THE WEEK

## Challenge from the Right

BY JONATHAN CARR

THE MILLER in Geoffrey Chaucer's "Canterbury Tales" was famed as one who could smash a door off its hinges by running at it head down. Herr Franz-Josef Strauss, the West German Opposition's new candidate for the Chancellorship, looks as though he could do the same. So great is the anarchy bursting from his lurid body that it is easy to misjudge him as a man who can only deal with problems by frontal assault. A litter of political rivals outflanked by Herr Strauss over the years (notably in the "sister" Christian Democrat Party) proves the contrary.

Frankly Herr Strauss is a godsend for lovers of caricature—particularly in a political landscape where few real characters are on view. It is accurate, but incomplete to draw him as the Bavarian chief-tantrum stomping the Alpine foothills under a white-blue banner, raising his massive beer mug before his adoring Christian Social Union (CSU) supporters and vilifying Socialists. The picture must be rounded out a little.

Born on September 6, 1915: Bavarian junior cycling champion (generally well known);



Franz-Josef Strauss "I hope the Germans are never in such bad shape that they will want me as Chancellor."

the most brilliant classical student of his generation (less well known); war experience (Stalingrad); a founder member of the Bundestag in 1949; Minister Without Portfolio in Dr. Konrad Adenauer's cabinet at age 38; Minister for Atomic Questions in 1955; Defence Minister 1956-62 and Finance Minister 1966-69.

And what, it may be asked, was this clearly gifted political leader doing between his defence and finance ministry posts? The answer is—for the most part living in disgrace in Bavaria. He had been widely held responsible for police raids in 1962 on the offices of the Hamburg news magazine "Der Spiegel" which published an article on NATO allegedly betraying state secrets. In the ensuing uproar, Herr Strauss was accused of lying to Parliament and had to step down. This is only one of several "affairs"—albeit the most dramatic—with which the name of Herr Strauss (or those of close associates) has been linked. Herr Strauss dismisses it all as a defamation campaign by political foes—and has emerged more or less unscathed from investigations in and out of court.

There are already signs that some old skeletons are being dug out of the cupboard again in increased public doubts about Herr Strauss in the run-up to next year's general election. But probably the greatest threat to realisation of his ambitions lies in his lack of oratorical self-control which causes fears that his deeds in the highest governmental office in the land might match the most disturbing of his words. Herr Strauss in full oratorical flight is a wonder—scattering ironic abuse like shrapnel amid opponents too shocked to give a fast response. (Herr Strauss's delivery, the *Bundeszeitung* calculates, averages 311 syllables in 20 seconds against a parliamentary average of 288.) At the time it is scintillating, and his big eyes deliver ammunition to his enemies.

With intellectual capacity, determination and great political skill he has used a provincial base with a relatively small but united party to rise close to the summit in power. Yet it is always the feeling that years of work might easily be destroyed by unguarded words at a crucial moment. This, after all, is the man who was once tempted into saying publicly "I hope the Germans are never in such bad shape that they will want me as Chancellor." It is hard to imagine Herr Helmut Schmidt ever saying such a thing.

## Nkomo pledge over safety of Queen

BY MARTIN DICKSON

MR. JOSHUA NKOMO, joint leader of the Patriotic Front, announced yesterday that his stop trans-border attacks into Zimbabwe Rhodesia during the Queen's visit to Zambia and the Commonwealth conference.

The move is designed to allay fears for the safety of the Queen, who is scheduled to visit Zambia from July 27 to August 4, and of Commonwealth Heads of Government, who will be meeting in Lusaka from August 1 to 9.

However, Mr. Nkomo's wing of the Patriotic Front, the Zimbabwe African People's Union (ZAPU), said this could not be called a ceasefire since "our forces will continue to operate in Rhodesia. The war will go on."

Mr. Nkomo's statement came shortly after senior British

security officials returned to London with a report on conditions for the Queen's visit. According to a version of the report circulating in Lusaka, this concludes that the tour would be no more dangerous than some other the Queen has made and recommends that it should go ahead.

Mr. Nkomo portrayed recent Rhodesian raids into Zambia as an attempt to heighten fears about the Commonwealth conference and disrupt relations between Zambia and ZAPU.

**Hopes**  
Insisting that he wanted the conference to succeed, Mr. Nkomo announced that, from the start of July 25 until midnight on August 10, ZAPU would not "engage in any such activities" at the Zimbabwe-Rhodesia border as are likely to

provide a pretext to the Rhodesian regime to undermine the prospects of the Commonwealth conference being held in Lusaka.

Fears for the safety of the Queen and other Commonwealth leaders are known to focus partly on the possibility of ZAPU guerrillas firing missiles at aircraft in the wake of Rhodesian raids.

In some diplomatic circles last night there were hopes that the Salisbury government might be persuaded to similarly forswear trans-border raids during the conference. The subject may be discussed next Friday when Bishop Muzorewa, the Prime Minister of Zimbabwe Rhodesia, meets Mrs. Thatcher in London. The Foreign Office welcomed the statement and said: "We are glad that Mr. Nkomo has made this pledge."

## NEB and Joseph head for assets sale row

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FIRST public sign of a forthcoming row over whether the National Enterprise Board should be forced to sell some of its assets emerged yesterday. Sir Leslie Murphy, the board's chairman, said that the organisation should be free to take "balanced commercial decisions" within an agreed framework.

The indications are that Sir Leslie is having difficulty in persuading Sir Keith Joseph, Industry Secretary, that the NEB should absorb a substantial slice of private sector money into its operations instead of being forced to sell off major subsidiaries such as ICL and Ferranti.

Sir Leslie met Sir Keith for talks on the NEB's future on Tuesday. Yesterday, he published the text of a lunch-time

speech in which he laid down the terms on which he and his fellow board members believe they should operate.

"The NEB has never acquired shares as a result of Government direction, and the same principle should apply to disposals," Sir Leslie told the Trade Marks, Patents and Design Federation annual lunch.

The NEB had accepted that it should contribute £100m to the £1bn sale of State industry assets being assembled by the Government. But it "should be left to take its own decisions as to how to achieve the savings."

Sir Leslie reflected the terms of key policy decision taken just before the meeting with Sir Keith by the members of his Board, when he added: "The Board of the NEB feel strongly

that there should be agreed terms of references and that it should have the authority to take balanced commercial decisions within that framework."

One of the areas of contention is whether the NEB should have a role in developing high technology companies such as its INMOS micro-chip subsidiary. INMOS would play a major role, along with Ferranti and ICL, in a new electronics subsidiary, which the NEB has said it could offer partly to the private sector.

Sir Leslie, who has said in the past that he is not interested in resigning over differences of opinion with the Government, yesterday underlined the importance of the INMOS type of venture. He said that "most of the NEB's investments are in very good shape."

## U.S. halts bombers for Egypt

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. State Department confirmed yesterday that the proposed sale of 50 F-5E bombers to Egypt had been postponed because of the withdrawal of a Saudi Arabian offer to finance the deal.

The Saudi refusal to underwrite the sale, worth over \$500m, reflects the general Arab hostility to the Israeli-Egyptian peace agreement.

The U.S. had retained hopes that the Saudis would still provide financing because the arms sale was concluded in principle before the peace treaty was signed and before Arab states had united in imposing an economic boycott on Egypt.

A State Department official said it remained "conceivable" that the sale would go through

at some stage in the future but meanwhile the U.S. Government had advised the F-5 manufacturer, Northrop, to seek other buyers.

The proposed Egyptian deal was part of the joint arms sale package advanced by the Carter Administration last year which linked military aircraft sales to two Arab nations, Egypt and Saudi Arabia, with Israeli purchases.

It was seen at the time as a demonstration of the U.S. intent to forge a more equitable Middle Eastern policy, and after intense debate was narrowly ratified by the Senate in what was construed as a significant foreign policy triumph for President Carter.

U.S. officials said that a key

element in the Saudi decision appeared to have been the sharp attack on the Kingdom's policies by President Sadat two months ago. The Saudi refusal to underwrite the sale is seen here as the biggest single Arab reprisal yet for Mr. Sadat's conclusion of a separate peace agreement with Israel.

While the Saudi action hardly comes as a complete surprise in Washington, it does constitute something of a disappointment.

The relative Saudi moderation at last week's OPEC meeting, combined with the report that Saudi oil production levels might be increased, had given the U.S. some hopes that the recently fractious relations with Riyadh might be on the mend.

## Continued from Page 1 Carter

only 8 per cent, thus dragging down overall final sales.

Reports from retail concerns and the travel industry all show that the energy crisis is biting deeply into economic activity.

It is against this background that President Carter and his advisers are meeting at Camp David to grapple with energy and economic issues.

It was announced yesterday that the President had cancelled a weekend address to the National Governors' Conference in Kentucky, but had invited the governors to send a representative group to Camp David last night to join the talks.

There were also reports that leading business executives had been summoned to confer with the President. Key Congressmen are expected to take part, but no names of participants have been officially released.

The White House has still not explained adequately why Mr. Carter abandoned his energy address to the nation, due for Thursday night, or what additional steps he was now contemplating.

This has provoked speculation in Washington about sharp disagreements between the President's advisers and criticism about what is seen by some as another example of presidential indecisiveness.

The most plausible explanation is that the President decided that a rather vague speech confined largely to energy would not suffice in the current climate of national confusion.

## Saudi Arabia oil strike

BY RICHARD JOHNS

THE ARABIAN American Oil Company has discovered in Saudi Arabia what promises to be one of the biggest oilfields in the world.

In an interview earlier this week Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, referred to "a very exciting and very big find," but did not elaborate.

A spokesman for Aramco subsequently said that he was unaware of new fields discovered apart from those mentioned in the company's annual report for 1978.

But it is understood that a field discovered earlier this year, already named Jawh, has resulted in a substantial upward revision of estimates of the Kingdom's reserves. Aramco's last annual report

put proven reserves at 113.2bn barrels only 2.9bn barrels above the 1977 estimate, and probable reserves at 177.8bn barrels.

Diplomats in Jeddah are talking of a field comparable to the Ghawar field, the world's largest, near which the new discovery has been made. Oil men who know of the strike say that it is far too early yet for the extent of Jawh to have been even roughly measured but the indications are that it is a "whopper."

Sheikh Yamani in his recent interview said that Saudi Arabia's proven reserves amounted to about 280bn barrels, in addition to which there was about 160bn barrels more in probable reserves.

## Continued from Page 1 Briginshaw

up through the union or by officers in their own authority and into Swiss bank accounts.

At its previous meeting in 1978 the governing council had refused to accept the union financial statement and auditor's report and called for a special audit of NATSOPA accounts.

The March governing council instructed: "Bearing in mind the difficulties in obtaining information about past companies due to the destruction of records after liquidations, that in future no companies associated with the society, or owned by the society or its officers with executive council permission shall have their records destroyed."

In a statement after that council meeting, Lord Briginshaw said that all actions by officers and staff were "in accordance with the known and decided policies and instructions of the executive council and appropriate ballot votes of the membership."

He resented the "continuing witch-hunt" into NATSOPA's affairs. In 1951, he said, NATSOPA was in liquidation, bankruptcy as a result of inter-war "generosity" with certain benefits to the membership.

"Policies and actions initiated with the executive councils of 1951 and subsequent years" avoided bankruptcy during those years.

Lord Briginshaw was NATSOPA general secretary from 1951 until 1973, the year in which he retired and received a peerage.

## Cabinet Ministers £7,000 pay rise

BY PHILIP RAWSTORNE

CABINET MINISTERS are to receive an immediate pay increase of more than £7,000 a year, under Government proposals published yesterday.

Backbench MPs will be given a rise of over £2,500 to £9,550 in a revised deal agreed by the Cabinet.

Government motions tabled in the Commons yesterday confirm that Mrs. Margaret Thatcher has bowed to pressures from Conservative and Labour MPs over the payment of the higher salaries recommended by the Boyle Committee.

The Government's original proposal was that the increase should be paid in three equal instalments. This has been amended to give half the recommended increase now and the rest in two further instalments in 1980 and 1981.

The Government has pledged to top up next year's instalment to take account of inflation during the next 12 months.

### Agreed

It has also agreed to refer back to the Boyle Committee the question of linking MPs' future pay rates to certain grades in the Civil Service or to other professions.

Mr. Norman St. John Stevas, Leader of the Commons, said yesterday that such a link would avoid "the perennial embarrassment" to the Commons of voting its own pay increases.

Parliamentary salaries have not been fully updated for seven years. Since 1975 MPs' pay has risen by 17 per cent while average earnings have soared by some 60 per cent.

Questioned in an Independent Television News interview about the effects of any general wage freeze on the deal, Mr. St. John Stevas said: "I would have thought there would be a case for an exemption, although of course I can't give a guarantee of that."

The revised pay proposals are expected to be approved by the Commons on Wednesday, though some Labour left-wingers may vote against this.

Neither Mrs. Thatcher nor Lord Hailsham, the Lord Chancellor, will accept any increase in their ministerial salaries of £22,000 until 1981.

Cabinet Ministers, currently paid £17,525, including a proportion of the Parliamentary salary, will receive a new rate of about £25,000. By June 1981 they will be paid at least £32,000 a year.

Backbench MPs' pay will rise to £10,725 next June, plus any inflation linked amount, and to at least £12,000 in 1981 when it is expected that the salary will be formally tied to Civil Service rates.

## Weather

UK TODAY  
CLOUDY in North with rain in places. Mainly dry in South with sunny periods.

London, S.E. Cent. S. and S.W. England, Midlands, Channel Is., S. Wales  
Mainly dry with sunny periods. Some rain later. Max. 21C (70F).

E. Cent. N. and N.E. England  
Cloudy, occasional rain. Max. 19C (66F).

Rest of England, N. Wales, Scotland  
Showers with sunny intervals. Max. 18C (64F).

Outlook: Little change.

### WORLDWIDE

	Y day	Y day	Y day		
	midday	midday	midday		
Algiers	25	77	Locarno	25	75
Amman	25	88	London	25	77
Antwerp	25	81	Madrid	25	74
Athens	27	81	Mexico	25	74
Bahar	25	86	Moscow	25	74
Berlin	25	72	Nairobi	25	74
Bombay	25	86	Paris	25	74
Buenos Aires	25	86	Rangoon	25	74
Calcutta	25	86	Rome	25	74
Cairo	25	86	Sao Paulo	25	74
Cardiff	25	86	Seoul	25	74
Chennai	25	86	Singapore	25	74
Colombo	25	86	Sydney	25	74
Copenhagen	25	86	Taipei	25	74
Dublin	25	86	Tokyo	25	74
Hankow	25	86	Yokohama	25	74
Hong Kong	25	86			
London	25	86			
Lyons	25	86			
Manila	25	86			
Mumbai	25	86			
Nairobi	25	86			
Paris	25	86			
Rangoon	25	86			
Rome	25	86			
Sao Paulo	25	86			
Seoul	25	86			
Singapore	25	86			
Sydney	25	86			
Taipei	25	86			
Tokyo	25	86			
Yokohama	25	86			

### THE LEX COLUMN

## Big funds take a long-term view

Index rose 3.3 to 471.0

Again this week the spotlight has been on the gilt-edged market which quickly swallowed up the last of the long tap on Monday and, then, unrestrained, was able to reflect its enthusiasm in prices. The FT Government Securities Index has put on almost 24 points in the five trading days, a gain of 81 per cent. But equities have remained quiet and unsettled, with little response even to the news that BP is to pay out a more than double dividend for 1979. The FT 30-Share Index is 2.4 points easier in the week.

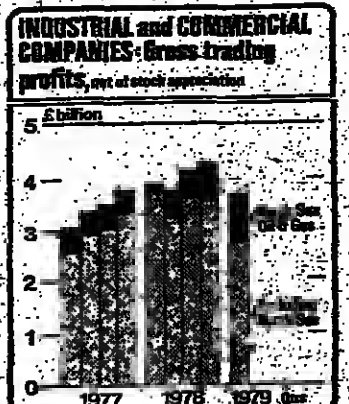
There are two reasons for the contrasts in the stock market between the turmoil in gilts and the lethargy of equities. One is to be found in the behaviour of the foreign exchange markets, where sterling has been hitting the headlines. At the moment any rise in sterling is associated in the minds of active stock market investors with the thought of foreigners moving in to buy gilts. Whether the foreigners have actually been buying gilt-edged on a large scale, or whether most of the buying has been by domestic investors trying to get in first, the immediate result is the same.

On the other hand, strength in sterling is also linked by investors with pressure on the competitive edge of British exporters. And since the foreigners do not seem to be tempted to buy British shares on any scale, equities have wilted as the pound has bloomed.

There is another reason for the focus on gilts, however, and this reflects the fact that a great deal of strategic thinking is now being carried out in the City. Although the change of Government has not so far been reflected in any noticeable shift in short term financial policies—the Tories have been selling gilts and raising MLR with seemingly just as much gusto as the Labour administration ever did—the future could in fact be quite different from the past.

Thus the latest issue of the quarterly Financial Analysis from brokers L. Messel has been attracting considerable interest this week. It sets out the implications for the financial markets if the Government were to succeed in cutting the public sector borrowing requirement drastically during the medium term. It considers putting it bluntly, what would happen if the torrent of gilt-edged were gradually to dry up.

Some of the big institutions, especially the pension funds, have been taking this possibility seriously enough this week to



rattling over the coming of BP shares by the Government cannot be taken seriously. The relationship between BP and its major shareholder spelled out clearly in prospecting for the last 10 years. BP shares by the Government. Although Government has had a stalling shareholding (but not always a majority) since 1914, the company has operated as a private business enterprise. And the Government specifically affirmed its intention to maintain the traditional private non-intervention in the company as a commercial concern.

Dr. David Owen's shadow cabinet has referred to a need to have strategic control over BP. It is a red herring. Strategic control can be exercised as effectively by a third of the company as by the whole. Reading in a national emergency Government would make over the whole, whether a shareholder or not.

There is no reason for a statement to cast a shadow over the Government's share when it takes place. Far from being alarmed, brokers musing dreamily about might get Dr. Owen's order to go out and buy 20 per cent BP at best.

**Company profits**  
Readers of the company columns will have noted what happened to company profits in the first quarter of 1979. Now the Central Office has come up with its own estimate of what the fits of companies as a whole and it makes fairly grim reading. Excluding the North Sea oil and gas where profits have been rising, profits of industrial commercial companies slipped by nearly a quarter from the level of the October-December period. This was after a stock appreciation.

The official statisticians feel that the level of quarter profits was "low possibly 'erratic'". Some sort of business has been since the April time economic activity quickly revived and companies were to claw back something of what they lost earlier. But the underlying trend cannot be good. Last year proved expensive, and the strengthening sterling will exact its toll profits as the year wears on.

have taken vigorous action to lengthen the average term of their gilt-edged portfolios. This helps to explain the curious shape of the yield curve at the moment.

Normally investors expect to pick up extra yield when they switch longer, but now they are prepared to do so without such an incentive—even though they are apparently facing a negative real return, with redemption yields of around 13.4 per cent falling several points short of expected inflation over the coming year. It is an indication of how far the managers of the big funds are prepared to look ahead.

In due course the improved sentiment in the gilt-edged market ought to rub off on equities too, because the implication is that eventually more money will be available to buy shares. But for the moment the market is conscious that there is a big supply of BP coming just around the corner, while there is no reason to think that the stream of rights issues has come to an end (though the pace has dropped away sharply here in the past couple of weeks).

In the rather longer term, too, the appeal of the equity market will depend on how successful British industry becomes in adjusting to a relatively firm currency. To find good value, investors may need to look abroad. The fall in the investment currency premium to a mere 6 per cent has already removed many of the barriers here even before any further relaxation of exchange controls on portfolio investment overseas.

**BP sale**  
The Labour Party's sabre-

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